The Abolition of Religious Monopoly:
The Political Economy of Urban Reform in the Holy Roman Empire

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ABSTRACT

Theories drawn from political economy and economics have had an enormous impact on the comparative and historical study of religion. In many cases, however, propositions drawn from these theories have been difficult to test, generally for lack of appropriate data. Robert Ekelund and his associates (Ekelund et al. 1996, 2006) have offered provocative hypotheses concerning the role of rising economic elites and Catholic monopolists in the variable institutionalization of the Reformation in 16th Century Europe. Swanson (1968) and Stark (2003) draw on the insights of political economy and political history to offer hypotheses concerning the political incentives of rulers and the nature of regimes that fostered the Reformation. While all of these theses are plausible and offer sociological insight, the evidence presented in favor of them is only suggestive as they assembled no data that would allow for multivariate analysis. In this paper we test a religious economies explanation of the Reformation based on hypotheses drawn from Ekelund against a rival explanation based on the interests of rulers in varied political regimes in a systematic analysis of 218 cities (those with a population 5,000 more) in the Holy Roman Empire. These cities, which enjoyed privileges of self-government (Stadtrecht), decided whether or not to institute Protestant reforms (indicated by their abolition of the mass), during the period 1523-1545. Our analysis finds mixed support for the economic interest hypothesis but not for hypotheses related to local church size or the organizational resources of the local Catholic establishment. However, the findings provide strong support for explanations based on the incentives of rulers in varying political regimes.
Introduction

The introduction of perspectives drawn from political economy and economics into the comparative and historical study of religion has had an enormous impact on both theory and research. The religious economies model has in many ways revolutionized the sociology of religion and has even been hailed as the “new paradigm” in the social-scientific study of religion (Iannaccone 1992; Warner 1993; Stark and Finke 2000). Inevitably, the theory has also received criticism on both theoretical and empirical grounds.

One of the central insights of the religious economies model is that religious groups can be analyzed as firms that exist in a ‘religious economy’. Akin to commercial economies, religious economies include a market of current and potential religious consumers and religious firms attempting to meet the demand of the market (Stark and Finke 2000). Because there is variation in the preferences of religious consumers, one religious organization—a monopoly—is generally unable to satisfy the demands of a religious economy (Finke and Stark 1988; Stark and Finke 2000). Multiple religious firms, which specialize in offering certain types of religious goods, are thought to appeal to a broader population, thereby increasing religious consumption (Finke and Stark 1988; Stark and Finke 2000). The level of religious consumption in a society is predicted to vary in relation to the ‘supply’ of religious goods with the demand for these goods remaining relatively constant (Finke, Guest, and Stark 1996; Finke and Stark 1988; Stark and Finke 2000). Other scholars emphasize factors affecting consumer demand (Sherkat 1997, 1998; Sherkat and Wilson 1995) and more recent work attempts to integrate supply- and demand-side explanations (Ekelund et al. 1996, 2006; Montgomery 2003; McBride 2008).

While most of the religious economies literature has focused on explicating and testing the relationship between religious pluralism and religious consumption (Finke and Stark 1988;
more recently Montgomery 2003 and McBride 2008; see also Chaves and Gorski 2001 for a review and Voas et al. 2002 for a critique), other work seeks to explain the process by which religious monopolies become pluralistic (Ekelund et al. 1996, 2006; Stark 2003). Ekelund and colleagues (1996, 2006) propose supply- and demand-side factors affecting whether rival religious firms will enter monopolistic religious economies and their chances of gaining a substantial share of the market after entrance.

Swanson (1968), Gill (1998), and Stark (2003) highlight the importance of church-state relations for explaining the collapse of religious monopolies. Recently, a new set of explanations for the Reformation has developed out of the religious economies literature. Sociologist Rodney Stark (2003) and economist Robert B. Ekelund and his associates (Ekelund et al. 1996, 2006) have offered intriguing insights that go beyond standard accounts of the coming of the Reformation based on exogenous socio-political changes. At the heart of their argument is the analysis of the Roman Catholic Church as an economic firm and the endogenous factors that contributed to a crisis in its ability to maintain itself as the monopoly provider of religious salvation in Western Christendom.

Although Ekelund, Hebert, and Tollison (2006), Swanson (1968) and Stark (2003) do offer statistical tests of their explanations based on the case of the 16th Century Reformation, their findings are unconvincing because of small sample sizes and an inability to include covariates in their models. Moreover, while these theories offer an impressive account of the origins of the Reformation, they beg important questions. In 16th Century Central Europe in the face of a general Protestant rebellion why did the Catholic monopoly remain in place in some areas while being overturned in others? Indeed, Ekelund, Hebert and Tollison (2006) suggest that their economic theory over-predicts the actual incidence of Catholic monopoly abolition,
noting “Despite the obvious appeal of a simple, direct, and relatively inexpensive path to salvation, Protestantism did not meet with universal success” (120).

In this paper we seek to reconstruct and test hypotheses drawn from the religious economies literature using the case of the Reformation, a classic historical episode in which a European religious monopoly collapsed. While historians have generally concluded that the early Reformation in Central Europe, was largely an urban affair, there is substantial variation in the voluntary institution of reform by the cities, which makes the early Reformation an excellent case for testing the factors that unseat religious monopolies. We focus on the variable success of the Evangelical movement in institutionalizing reform in the Holy Roman Empire (HRE) during the first decades of the Reformation (1523-1545).\footnote{The “Holy Roman Empire of the German Nation” was a decentralized confederation of feudal territories and city-states incorporating a region stretching across Central Europe from the Low Countries in the northwest to the Austrian possessions in the southeast. The HRE was an elective monarchy, with the emperor chosen by an electoral diet composed of princes, prince-bishops, and imperial cities. In the 16th Century, the Habsburg dynasty controlled the imperial throne in addition to its exercise of dominion over those territories within the empire that were among its own possessions.} Indeed, Central Europe provides an ideal test of theories of Protestant success: “In the Middle Ages, German principalities were characterized by weak emperors and fragmented politics. Germany, moreover, was distinctive for its development of urban life…These towns enjoyed a high degree of economic and political autonomy, and offered freer access to business opportunities than their counterparts in France or Italy” (Ekelund, Hebert and Tollison 2006: 126). Crucially, owing to the decentralization of the empire and weaknesses of the imperial government, cities enjoying self-rule (\textit{Stadtrecht}) and governed by a town council (\textit{Rat}) could reach binding decisions concerning civic affairs. The Protestant movement thus provided them with a unique opportunity to abolish or retain the Catholic monopoly.
In this paper we first offer a simple theory of church disestablishment, describe the case of the Reformation, and formulate the resulting hypotheses. We then test these hypotheses on the HRE cities and towns of population 5,000 or more that enjoyed privileges of self-government. Seeking to explain the disestablishment of the Catholic Church, our analysis ranges from the year of the first official abolition of the Latin-rite mass (1523), which we use as a strong indicator of the abolition of the Catholic monopoly, through the eve of imperial religious warfare (1545), after which the economic and social factors that interest us are replaced by other mechanisms, such as the outcomes of conflicts between warring states and coalitions. Our dataset includes a sample of over 200 cities and several covariates deemed important by the historical and theoretical literature. This data provides unprecedented leverage for identifying the variables affecting Protestant success while holding constant other factors.

A Theory of Church Disestablishment

Religious firms are social enterprises “whose primary purpose is to create, maintain, and supply religion to some set of individuals and to support and supervise their exchanges with a god or gods” (Stark & Finke 2000: 279). Like other organizations, religious firms depend on resources from their environment to survive and grow (Wuthnow 1994); in particular they rely on the voluntary contributions of their adherents and therefore attempt to increase the number of adherents and their contributions as much as possible (Iannaccone 1992; Stark and Finke 2000). To do so, religious firms exchange their spiritual and material goods for voluntary contributions. In this way, religious firms exist in a ‘religious economy’ where they compete with other religious firms in order to exchange their goods with potential and current adherents. A strategy for increasing adherents is then to eliminate all other competition by setting up a religious monopoly, which becomes the only source of spiritual goods in the economy.
In order to maintain a monopoly, an incumbent firm must curb the entry of rival firms. We suggest three entry control methods: (1) Orthodox enforcement, (2) Limit pricing, and (3) Welfare provision. Orthodox enforcement involves increasing the costs of holding an alternative religious affiliation. Incumbent firms that have effective mechanisms in place to negatively sanction rival firm formation deter rival firms from entering the market (Miller 2002). For example, where heresy or apostasy are criminal offenses, specific agencies can be delegated with the task of identifying heretics and enforcing required punishments (e.g., the Inquisition, the Saudi religious police, etc.). In this case death is the most extreme sanction for rival firm entry but even lesser costs such as imprisonment, large fines, or unmanageable taxes may deter entry as well. Similarly, competition with the established monopoly can be forbidden, making all other religious groups illicit or tolerated so long as they do not proselytize.

Limit pricing serves as a signal to rival firms that they will gain little to nothing from entry. Limit pricing occurs when a firm “sets its price and output so that there is not enough demand left for another firm to enter the market profitably” (Carlton and Perloff 2006: 360). Given that the incumbent firm is already serving the market for a particular good at a given price, it is not profitable for another firm to enter the market so long as the incumbent firm continues to produce the good at the same price and quantity. Thus, it is in the monopolist’s interest to convince potential entrants that it will continue to produce the same output no matter what, thereby denying potential entrants an incentive to enter the market.

However, were another firm actually to enter the market, the incumbent firm would no longer maximize profit by continuing to produce output at the same level. Consequently, the limit-pricing device only works if the incumbent firm demonstrates a credible commitment to produce the same output at the same price regardless of competition. In order for the incumbent
firm to provide a credible threat, it must construct an environment where it has an obvious incentive to follow through on the threat even if a rival firm enters the market. The commitment to producing the same amount of output is signaled by making “pre-commitments” that set the incumbent firm down a path where producing the same amount of output is optimal and difficult to undo. For example, if an incumbent firm creates a manufacturing plant that can only produce a certain quantity of output it commits the firm to a set production level and serves as a deterrence device for firms that want to enter the market. Ekelund et al. (2006) propose that the size of church structures may serve as a limit-pricing device used to deter rivals from daring to enter the licit religious market by signaling that the incumbent religious firm would continue serving the entire market of religious consumers even if rival firms entered.

Welfare provision is another mechanism by which incumbent firms can deter rival firm entry. Religious firms that provide their adherents with both spiritual and material goods have a competitive advantage in the market over religious firms that provide only one type of good (Miller 2002). When religious firms meet the spiritual but not the material needs of their adherents, they encourage rival firms to enter the market and provide material goods in addition to spiritual goods (see e.g., Stark 1996). If religious adherents depend on the incumbent firm for both spiritual and material goods, then this should decrease demand for alternative suppliers and curb rival firm entry.

By deterring rival entry, religious incumbents can maintain their position and generate a self-enforcing monopoly. Religious monopolies are the most efficient and cost effective if individuals believe in them and their position (Ekelund et al. 2006). Being the only religious provider in a religious monopoly helps ensure belief plausibility as there are no other firms present to offer competing beliefs (Berger 1967). Furthermore, welfare provision may
strengthen the positive reputation of the monopoly, bolstering the beliefs of adherents who
benefit from such provisions.

However, with monopoly status and no competition, religious firms have an incentive to
take advantage of their position through rent-seeking, generally by such means as simony,
venality, or by introducing doctrinal innovations requiring additional monetary compensation
for spiritual goods. In addition, the performance of monopoly religious firms is often poor. As
Adam Smith notes, clerics “of an established and well-endowed religion” may repose
“themselves upon their benefices” and neglect “to keep up the fervor of faith and devotion in the
great body of the people; and having given themselves up to indolence, […] become] altogether
incapable of making any vigorous exertion in defense even of their own establishment” ([1776]
1986: 307). Because clerics in monopoly firms are provided for by their religion and face no
competitors to steal their flock, they have little incentive to meet the needs of their constituents
(Stark and Finke 2000; Gill 1998).

As a result, rent-seeking and clerical neglect or corruption as an endogenous feature of
monopoly religious institutions can undercut their self-enforcing properties by undermining the
credibility of beliefs. Because spiritual goods are credence goods whose quality cannot be
determined (Iannaccone 1990, 1992), reputation matters when adherents assess the claims of
religious firms. While monasticism may increase credibility and thereby contribute to a self-
enforcing monopoly (Hull and Bold 1989; Iannaccone 1992), rent-seeking and lax clergy may
cause adherents to question their beliefs. Rival firms can take advantage of this by justifying
themselves through the unique history of the incumbent firm, condemning the incumbent firm
for corrupting the ‘true faith’ while claiming to be a revival of the original religion (e.g.,
Calvinism, Salafism, Mormonism, etc.). This allows rival firms to co-opt some of the incumbent
firm’s legitimacy facilitating its market entry and increasing its likelihood of success. The insight parallels the heart of church-sect theory, whereby theologically-inspired dissidents from within organized religious groups promise a higher-tension religiosity said to be more consistent with original revelation (Johnson 1963; etc.).

Economic conditions may also affect the likelihood of rival firm entry. Many religions define and enforce norms governing economic behavior, often with substantial implications for economic efficiency and growth, especially in those societies in which they are the established or monopolistic firms (Tawney 1926; Weber 1930; 1963). However, religious monopolies are not necessarily hostile to economic development. Historically, some religious monopolies in both the East and the West may have helped to stimulate the advent of capitalism by regulating private property, promoting trade and innovation, accumulating and investing capital, and promoting education and engineering (Ekelund, Tollison and Hebert 1996; Greif 2006; Sombart 1915). Nevertheless, many religions reject materialism and the doctrine of rational self-interest as the basis of economic relations.

Indeed, while established religions may facilitate economic growth, that growth may come to imperil their monopoly position. As Ekelund notes of late medieval Europe, “a society energized by new wealth, new markets, and new technology tended increasingly to challenge the Church’s spiritual and temporal hegemony over individual behavior” (Ekelund, Tollison, and Hebert 1996: 62). As economists since Smith have noted, increasing income would tend to increase the opportunity cost of time spent in the service of religion (Ekelund et al. 2006:56-7). Increasing material welfare shifts individual risk profiles such that fears of immediate deprivation and misery recede, potentially shifting the demand for religious goods (Ekelund et al. 2006; also see Norris and Inglehart 2004). Hence, religious monopolies should be more robust
in societies characterized by slow economic growth, widespread poverty, and powerful property-holding elites capable of resisting rent-seeking extractions. They should come under challenge where property ownership is dispersed, the economy is growing, and a large or expanding middle class seeks to exploit opportunities for profit (Ekelund et al. 2006: 113).

Of course religious firms do not exist in a vacuum; they interact dynamically with their political as well as their economic environments. A religious monopoly depends on the state because it can only achieve and maintain such a position if the state regulates the religious economy by means of coercive force (Stark and Iannaccone 1994; Stark and Finke 2000). Outside of a pure theocracy, a monopoly religious firm relies on a state partner to deter entry of rival firms and punish heresy. Ekelund et al. (1996: 29) note of the medieval Catholic Church that, “the One True Church strove for monopoly power in the theological marketplace, but it also enlisted the aid of secular governments to systematically exclude competitors.” At the same time, from the perspective of the state, a religious firm is a valuable partner because it is an organization that lends ideological legitimation through its teachings and doctrines (such as the “divine right” of kings and obedience to civil authorities) (Gill 1998). If states can manage to convince subjects that they must obey because of divine will, this is a potentially cheap way to enhance political control (Gill 1998; see also North 1981, chapter 5).

In his comparative study of church-state relations, Anthony Gill (1998) argues that rulers establish (or maintain) a monopoly religious firm in their territories in the first place because they perceive it as lowering the cost of rule. Furthermore, the relations between a state and a religious monopoly reflect the relative bargaining power of the two institutions. Where rulers are relatively weak and insecure and the religious monopoly is strong, the state may act not only to protect the monopoly position of the religious monopoly but also grant it privileges including
subsidies, territories, tax exemptions, and commercial monopolies (Gill 1998: 49). Where the inverse is the case, the religious monopoly may be compelled to offer lucrative arrangements with the state, exempt rulers from tithes and other obligations, and share religious revenues with the state. Gill thus proposes that episodes of church-state conflict occur “when the opportunity costs of cooperation for any one party exceeds the present or future benefits of cooperation” (63). In the case of states more specifically, Gill expects that if alternative ideologies to legitimate the state become available at a lower cost or when the religious monopoly holds coveted financial assets that can only be had by the state through expropriation, rulers will initiate conflict and seek to depose of the religious monopoly (66).

The Case: The Reformation in Central Europe, 1517-1545

In the wake of Luther’s challenge to the ecclesiastical and imperial authorities, the struggle between Protestant insurgents and defenders of the establishment touched every corner of the HRE. As Emperor Charles V was preoccupied with wars against the French, the Papal States, and the Ottoman Turks, prior to 1545 the movement was able to proceed largely through a series of local urban struggles producing. In cities where Protestant groups gained the ascendancy, the Catholic monopoly was abolished and reformed rites were instituted. After 1545 Charles campaigned in earnest against a league of Protestant princes and cities, defeating them in 1547. But neither side could achieve a lasting victory, compelling his successor to reach an accommodation at Augsburg in 1555 which established regional confessions under the principle of cuius regio, eius religio – the territorial prince would decide the religion of his people. In effect, the political solution to the Protestant challenge was that regional religious monopolies replaced the universal monopoly previously enjoyed by the Roman Church.

The Reformation has been the subject of extensive scholarly research, most of it
conducted by theologians and historians. In explaining its coming, many historians emphasize the profound macro-structural changes that had occurred prior to 1517: proto-capitalism had arisen and trade expanded; urbanism grew and a strong and ambitious class of townsmen asserted its interests. These Reformation is widely depicted as a social movement as borne largely by literate townsmen among the “lower and middle strata of burghers” (Moeller 1972; Ozment 1975; Black 1984; Karant-Nunn 2005). Social-scientific accounts make similar claims. Wuthnow (1989) sees the Reformation as catalyzed by the appearance of a new class of self-aware intellectuals, rapid urbanization, and a burgeoning print industry. Engels (1966) saw the Reformation as a class-based movement triggered by the rise of proto-capitalism. Spurred to defy feudalism by visions of a just bourgeois order, the new urban middle class ultimately blunted the radical message of Evangelicalism and betrayed peasant rebels out of fear of social revolution.

Other historians stress that reform only succeeded because it served the interests of local urban elites and the rulers of nascent principalities eager to gain greater control of their territories (Brady 1998; Dixon 2000; Schubert 1996; Tracy 1986). Swanson (1967) contends that open and responsive regimes allowed for the institution of reform, while authoritarian and hierarchical regimes blocked it. Fulbrook (1983) identifies “sociopolitical environments” that encouraged or suppressed reformers depending on whether their goals were congruent with the interests of state-building rulers. Stark (2003) too contends that where religious reformers enjoyed princely patronage, they were much more likely to be successful. In his account, the Reformation was an

2 The historiography of the Reformation is too great to describe here in adequate detail. It is important to note, however, that while historians have provided a host of detailed case studies of reform, the bulk of these have been directed at the actions of particular theologians, the history of a single city, or a very small N of cases making it hard to identify the general factors that account for Protestant success. The social historian Robert Scribner (1986: 26) rightly noted that research on the Reformation tends to be unsystematic, based on a handful of case studies or unrepresentative samples, and biased toward a few representative towns and free cities.
alliance between religious idealists repulsed by the Church’s worldliness and hoping to drive back secularizing tendencies, on the one hand, and, on the other, modernizing princes interested in gaining control over ecclesiastical assets and revenues. If rulers could profit from the seizure of the Church’s resources and revenues, they tended to favor the Reformation but if they already had substantial control over those resources or advantageous alliances with the Church, they hindered reform. Gorski (2000, 2003) has also shown how monarchs embraced Protestantism as a strategy to enhancing social control in absolutist states.

In fact, prior to the outbreak of general warfare, the Protestant movement had achieved mixed results. According to the data we have collected on cities in the HRE, up through 1545 60% of the cities had reformed their religious rites. In some regions where the princes favored reform the Catholic Church was retained in the cities, some territories abolished the Church despite the prince’s wishes. Some economically advanced, trade-intensive cities abolished the Church, others kept it. The variability in the institution of the Reformation remains a puzzling issue. The two predominating strands of explanation stress macro-level causes that do not explain the pattern of variation well. Increasing urbanization, proto-capitalist development, expansion of the middle class, etc. should have affected the religious constitution of the larger towns more consistently. Likewise, theories that emphasize the state-building activities of the territorial princes have difficulty accounting for why reform sometimes occurred in cities lying in territories whose princes opposed it and failed to occur even where princes favored it.

The Political Economy of the Reformation: Hypotheses

Ekelund and his collaborators argue that the Church of the early 16th Century was not just any religious “firm”. It commanded a monopoly position in the production and distribution of (licit) religious goods in most of Europe (“Western Christendom”). Although the Church had
some resemblance to a state (and was the territorial ruler in scattered domains across Central Europe), it differed from a government in that it the bulk of its revenues did not come through coercive taxation but rather from endowments, indulgence sales, court fees, indemnities, finance charges, rents, and so on. It did impose tithes, but enforcement was spotty and clerics usually relied on local governments, which, for their part, had weak incentives to collect and enforce these taxes for the benefit of the clergy. As a result, although tithes helped finance operations at the parish level, the Church was obliged to leave many tithes uncollected and they did not constitute a principal revenue stream for the Church. Rather, most of the Church’s revenues flowed from (more or less) voluntary contributions by adherents in exchange for both spiritual and material services.

As it was not compelled to operate in an open market context, the Church did not sell its output to religious consumers through commercial exchange at publically posted prices (Ekelund et al. 1996: 8-10). However, the Church’s behavior as a firm was nevertheless constrained by the nature of its principal good -- the assurance of eternal salvation. Salvation is a typical “credence good”, one whose quality cannot be easily assessed which makes the reputation of the supplier the primary mark of quality. This fact obliged the Church, despite its monopoly position, to attend to its reputation.

As a monopolist, the Roman Church faced the dual problems of enforcement and entry control (Ekelund et al. 1996: 8). Consequently, the Church developed its own agencies to investigate and enforce deviations from orthodox theology (e.g., the Inquisition) and counted on the support of secular rulers to enforce its monopoly claims. This deterred most would-be entrants into open religious competition with the Church, such that the only alternatives to the Church in medieval Europe were underground (and persecuted) heretical sects and a non-
proselytizing Judaism that posed no threat to the Church’s market share. Of course, the Catholic monopoly faced continual pressures during the Middle Ages from both underground sects and the occasional brazen rival (Stark 2003). Yet previous reform movements that had much in common with the 16th Century Protestants, such as the Cathars, Lollards and Hussites, were either suppressed as heresies, crushed militarily, or locally contained, leaving the greater Catholic monopoly intact. So why then did the Church fail to contain the Reformation and thus permanently surrender its monopoly position in Western Christendom?

The Catholic monopoly was most effective and cost-efficient where its principal institutions (such as canon law) were essentially self-enforcing through the beliefs of adherents. Self-enforcement, in turn, relied on the Church being widely understood as having the only route to eternal salvation. Yet Ekelund and his associates show that a conjuncture of various endogenous and exogenous factors put credence in that claim into jeopardy.

On the one hand, as in any organizational monopoly, opportunities for clerical corruption and venality expanded over time. As historians have documented, these became increasingly objectionable, particularly to the urban literate classes (Ozment). The aggressive promotion of rent-seeking doctrinal innovations, such as the doctrines of purgatory, auricular confession, and indulgence, further put the Church into disrepute. Such developments undercut the Church’s reputation, which is an especially damaging thing to a credence good supplier. Socio-economic changes in the 15th and 16th Centuries such as increasing literacy, the appearance of print capitalism, urbanism, and expanding volumes of trade also undercut the credence of orthodox theology: “a society energized by new wealth, new markets, and new technology tended increasingly to challenge the Church’s spiritual and temporal hegemony over individual behavior” (Ekelund et al. 1996: 62).
All of this may appears to have strained the credulity of many Europeans, especially among the literate middle-classes. But perhaps more importantly, rent-seeking behavior by the Church that undercut the integrity of Christian theology was offensive to many theologians, particularly those trained in the new Humanist spirit that emphasized the return to original Greek and Hebrew scriptures. For Ekelund, it is little wonder that the “Evangelical” rebellion against the Church focused initially on the issues of indulgences from sin and the related doctrines of purgatory and auricular confession. In effect, by creating a middle place between Heaven and Hell, the Church had lowered the implied price of sin so as to increase its revenues (Ekelund et al. 1996: 164). Moreover, rather than pricing the redemption from sins based on their severity, the Church priced them on the capacity of individual customers to pay (Ekelund, Hebert, and Tollison 2006: 111). Furthermore, the Church had increased the full cost of salvation both through the sale of indulgences to its faithful adherents and by encouraging third-parties to make payments on behalf of the dead sinners putatively languishing in Purgatory. Confession allowed priests to engage in discriminatory pricing, prescribing penitential costs to match the means of the petitioner. Drawing on Scriptures that predated these doctrinal innovations, Luther, Zwingli, Calvin and other theologians could attack the Church while portraying themselves as not as heretics but as “Evangelicals”, that is, those true to the Gospel.

The Evangelicals called for a return to authentic piety, personal consumption of Scripture, and the abolition of religious practices that purported to serve a brokering role between God and the faithful in the distribution of grace. In effect, their solution seemed to increase the spiritual tension while lowering the material costs. In the place of Catholic theology, the new Evangelical theology returned to an “all or nothing” conception of salvation that raised the price of sin but lowered the full cost of salvation by insisting on salvation by faith
alone (*sola fide*). Protestantism developed alternative theologies that stressed justification through faith, Scriptural authority over human institutions, the priesthood of all believers, few sacramental requirements, and the denial of transubstantiation. Taken together, these completely repudiated both Catholic doctrine and ecclesiastical organization (Ekelund, Tollison and Hebert 2006:168).

Yet theological debates alone do not account for Protestant success. Protestant rivals swiftly gained market entry because they offered a lower salvation price than the Catholic Church and made convincing objections to the financial abuses of the Church. The great popular and elite reaction to Luther’s attacks on indulgences, the financial practices of the Church, and papal abuses beginning in 1517 is taken by Ekelund and his associates as evidence of Luther and his followers’ ability to exploit demand for rival religious products (Ekelund et al. 1996: 162-3). They further imply that burghers, in particular, may have been especially prone to the appeals of Evangelical challengers that could displace a Church perceived as a predatory, rent-seeking monopolist and win for themselves greater economic liberty from the Church’s conservative economic doctrines.

There are two principal reasons why the Reformation was primarily an urban movement. First, because poor peasants had too little surplus to make them an important target of price-discrimination schemes and the feudal nobility had the political clout to win exemptions (and engaged in rent-seeking of its own), the urban middle classes were the targets of most of the rent-seeking. As Ekelund notes, “This lower-cost alternative [Protestantism] might be especially attractive to the wealthy, who saw the prospect of regaining some or all of their consumer surplus that the Catholic Church was taking from them (Ekelund, Hebert and Tollison 2006:119).”
Second, historians have long recognized that the abolition of monasticism, the secularization of Church holdings, and the elimination of the extensive calendar of feast days would have been appealing to the nascent bourgeoisie so as to increase the supply of capital and labor available for economic growth (Troeltsch 1931). Luther’s denunciation of vagabondage, idleness and begging promised greater labor productivity and the self-sufficiency of the poor (Kahl 2009). Historians have shown that prior to 1517 local authorities were eager to assert greater control over religious affairs. In the big commercial and manufacturing cities, guild organizations vied with patrician interests in city government. Protestant agitators adroitly linked issues of sacramental and ecclesiastical reform to demands for inclusive reforms of civic institutions (Blickle 1992). Urban leaders seemed to have responded to the opportunity to seize control of ecclesiastical assets, foundations, and endowments, reform public charities, and minimize outside influence on the governance of the town. Many wished to abolish the special legal status of the clergy, which included exemptions from civil and criminal courts, taxes and civic obligations (Nicholas 1997). Evangelical theologians endorsed a unified legal authority and civil judiciary that would eliminate these exemptions and strengthen urban governance (Witte 2002). Protestantism thus have reverberated with the civic republicanism shared by many burghers in the larger cities (Brady 1998; MacCulloch 2004; Moeller 1972; Mörke 2005).

Hypothesis 1: The greater the economic development of a city, the lower the odds that it abolished the Catholic monopoly.

The late medieval Catholic Church was not simply a corrupt, rent-seeking monopolist. For sure, there is substantial historical evidence for widespread anti-clericalism. In some cities, monks, nuns, and priests were regarded as aloof and burdensome and the late medieval Church may have been seen as hopelessly corrupt and objectionable to some of its adherents (see e.g.,
Ozment 1975). However, current historiography indicates that, despite problems of corruption and venality, the Church was in many places vital and strove to meet both the bodily and spiritual needs of its flock (Cameron 1991; Duffy 1994; Scribner 2001; Taylor 2002). In particular, cities seem to have benefitted from two sorts of public services provided by the Church through its monastic orders.

Although the tax exemptions and other privileges that monasteries enjoyed may have been objectionable both to burghers and the guilds, monasteries were not necessarily economically burdensome nor uniformly a drain on economic development in the late medieval era (Ekelund et al 1996; Ekelund, Hebert and Tollison 2006). The cloistered orders were in many instances economically innovative and may have bolstered regional economic development. Rich, well-endowed monastic orders appear to have contributed to the overall commercial development of a city and provided an important source of employment and a market for consumer goods. The city of Cologne, one of the largest cities in the HRE of the 16th Century, is a famous case of a city whose urban elites considered themselves well-served by the Catholic monopoly. Although one of the most economically developed cities in Central Europe and a major trading hub, it remained staunchly Catholic. Known as “holy Cologne” or even the “German Rome”, the city boasted ninety sanctuaries and chapels, dozens of abbeys, and hundreds of foundations and charities (Hillerbrand 1996: 384). Although it was located in an ecclesiastical territory ruled by a prince-bishop, Cologne was a free city and jealously guarded its independence. Indeed, the prince-bishop was forbidden from entering the city limits and made his capital at Bonn. Rather than the clout of the territorial ruler, it may have been the dozens of monasteries and cloisters in the city that account for the very close relationship between the Catholic establishment and the bourgeoisie.
Hypothesis 2: The greater the per capita number of monasteries and cloisters in a city, the lower the odds that it abolished the Catholic Church.

Whatever the abuses it allowed, the Catholic Church was the principal provider of welfare services in late medieval society. In spite of its rent-seeking tendencies, the Church also acted as a kind of wealth-redistribution agency by charging the well-off high prices for salvation and redistributing a portion of the proceeds as alms and charity. Historians estimate that about a third of the Church’s revenues were redistributed to the poor through charity and related services (Ekelund, Hebert and Tollison 2006: 112; Kahl 2009:270). In the cities, hospitals, hospices, and kitchens provided aid to the poor and helped to manage the misery and social tensions that accompanied rapid urbanization in the 15th and 16th Centuries. In delivering charitable services, mendicant orders, such as the Franciscans, played an especially prominent role and were the primary social-support providers to the laity (Ekelund et al. 1996). The material incentives for Catholic adherence provided by mendicant orders may have played an important role in attaching cities to the Church, just as they had played an important role in Christianity’s entrance into the religious economy of the Latin world in the first place (Stark 1996).

Hypothesis 3: The greater the per capita number of mendicant orders active in a city, the lower the odds that it abolished the Catholic Church.

In addition to demand-side interventions through service provision, Ekelund et al. (1996) demonstrate that the definition and enforcement of heterodoxy was an important mechanism by which the Church maintained its monopoly position on the supply side. The Church required the vigilance of orthodox theologians to define and protect dogma and agents to investigate and enforce deviations in the populace (e.g. the Inquisition). To accomplish these tasks, in the 13th Century the Church established a specialized monastic order, the Dominicans, or the Order of
Preachers. The Dominicans occupied prominent positions in the universities, in the cities, and in the formal Inquisitional institutions (Hinnenbusch 1966, 1975; Ames 2009). With a founding command to “seek those who go astray”, Dominicans played the greatest zeal in suppressing heresy and defending orthodoxy in the late medieval era (Ames 2009: 6). As the religious crisis of the early 16th Century began, the Dominicans were called upon to “proclaim true Doctrine” and “take the field” against Protestantism (Hinnenbusch 1975: 119-20). In the first decades of the Reformation, they led the counter-attack against Luther. Dominican priories were centers of coordinated resistance to Evangelical inroads (Hinnebusch 1975: 120; Bagchi 1991). We therefore hypothesize:

Hypothesis 4: The presence of a Dominican priory in a city should lower the odds of its abolishing the Catholic Church.

Ekelund and his associates observe that “The building of churches and cloisters was the largest single investment of money and effort during the Middle Ages, with the possible exception of the construction of castle fortifications” (Ekelund et al. 1996: 9). Indeed, medieval Catholic cathedrals are famous for their majesty, extravagance and scale. Often, the larger church-building projects took hundreds of years to complete and required enormous financial resources (Mitchell 1968; Mark 2006). Ekelund et al. (2006) remark that these immense investments involved substantial “opportunity costs” since the resources needed to construct, furnish and decorate grand churches could have been directed toward other investments that might have better advanced the long-term economic interests of the Church. In fact, following the Reformation, Protestants generally built substantially less costly churches, freeing resources for other (secular) investments (Ekelund et al. 2006). Why then did the Church invest so much in
cathedrals when those resources could have been used for other long-term investments that may have better fostered its economic or political interests?

The principal church of a town was meant to accommodate its entire population (Mitchell 1968), a very visual reminder of the Church’s claim to supply the entire religious market. As the largest stone structures in cramped towns characterized by very modest timber-frame and wattle-and-daub houses, the central church served as a site where a host of civic functions such as markets, guild meetings, and rituals and processions took place. In financing these monumental constructions, the bishop and canons contributed a great deal of money, as did aristocratic donors and patrons. The common people also contributed, particularly through indulgences, special taxes, and offerings for relics (Mitchell 1968; Mark 2006). In Central Europe, great and expensive churches were not located exclusively in cathedral towns. As there were many mid-sized cities in the decentralized HRE and only a few truly large ones, grand churches were built across the region. On the eve of the Reformation, a travelling papal delegate praised the “churchliness and piety” of the Germans, which he saw as particularly evident in the costly splendor of their churches (Boockmann 1987: 399).

Ekelund, Hebert and Tollison (2006) resolve the puzzle posed by the monumental church-building campaign by contending that the size of church structures served as a limit-pricing device used to deter rivals (“heretics”) from daring to enter the licit religious market by signaling that the Church would continue serving the entire market even if heretics entered. To explore the plausibility of this proposition, Ekelund et al. (2006) examine a small sample of 18 medieval cathedrals. They find that larger cathedrals, in terms of both capacity and height, are correlated with a country remaining Catholic. We therefore test the limit-pricing hypothesis of church size by measuring the height of the nave (or central dome) of a city’s principal church.
Hypothesis 5: The larger a city’s main church in 1520, the lower its odds of abolishing the Catholic Church.

The political economy of religion would lead us to expect that where the Catholic monopoly was backed by the power of princely or civil authorities that actively enforced orthodox claims, sanctioned ex-communicants, and punished heretics, the opportunities for insurgent firms would have been practically non-existent, as was repeatedly demonstrated in medieval history. However, by the early 16th Century, the church-state arrangement that undergird the Catholic monopoly had been put into question and the political fragmentation of the HRE presented particular difficulties for Rome. Ekelund, Hebert and Tollison (2006:113) argue that societies in which political and economic power was decentralized obstructed the Church’s ability to maintain ongoing profitability through market capture. Political decentralization made it harder for the Church to arrange for protection of its monopoly while economic decentralization led to the dispersal of property ownership and the kind of commercial dynamism that obstructed price discrimination. Clearly, such a scenario corresponds closely to the HRE of the 16th Century with its weak, elective monarchy, dozens of principalities and hundreds of sovereign enclaves, and a commercial economy dispersed among hundreds of medium-size cities (Russell 1972; Scott 2005; Scribner and Scott 1996).

For much of the history of the HRE, the Church was an important player in imperial dynastic politics and was ceded scattered feudal territories that were ruled directly by prince-bishops. Yet as nascent territorial principalities and sovereign city-state grew stronger, the Church was increasingly compelled to share authority with secular rulers in ecclesiastical appointments, exempt rulers from tithes and other obligations, and share religious revenues with the state (Neuhaus 1997; Tracy 1986; Dixon 2000; Schubert 1996). Still, the established Church held coveted financial assets across Central Europe that could potentially be had through
expropriation. Rulers had much to gain from the seizure of Church lands and assets and from overcoming the entrenched economic and political clout of the Church.

As is consistent with our model of church disestablishment, it also appears that the Evangelical movement associated with Luther, Zwingli, and other theologians dramatically increased the opportunity costs of maintaining the Catholic monopoly. First, the Evangelical campaign to publicize the abuses and corruption of the Church through the pamphlet press was an enormous success. Historians tell us that Luther and fellow reformers initiated “a major propaganda campaign” intended to shape popular opinion and channel a movement against Rome through the media of books, pamphlets and woodcuts (Edwards 1994; see also Eisenstein 1980, Pettegree 2005). A generation of competition and innovation in the print industry prior to Luther had driven costs down such that they were accessible to most townsmen, about a third of whom were literate (Edwards 1994: 16; Schilling 1988:163-4). In the brief period between 1517 and 1521, more than half a million Evangelical pamphlets were printed across the Empire (Schilling 1988: 125; Gilmont 1998: 43). By 1545, millions of Protestant pamphlets, printed sermons, and polemics had been carried to every corner of the Empire (Edwards 1994). For sure, Catholic controversialists (mainly Dominicans) attempted to confront this tidal wave of heresy but, at least until the convocation of the Council of Trent (1545), their efforts were poorly coordinated and met with limited success (Bagchi 1991). The net effect of this religious propaganda would have been to deflate the legitimacy conferred by a close alliance with the Catholic Church.

Second, as Evangelical reform movements around Luther, Zwingli and other reformers began to organize into distinct churches with their own theologies, doctrines, and sacramental rites, new candidates for church-state partnership became available. In the course of the 1520s,
they published Evangelical catechisms and proposed reformed church orders. Advocating what has been called a “magisterial Reformation” (McAllister 1998: 189), the leading Protestant theologians stressed that secular princes and civic republics could be instruments of God’s will by reforming ecclesiastical institutions, abolishing cannon law, secularizing monastic holdings and ecclesiastical endowments, and establishing good governance of religious affairs (Witte 2002). Proving themselves appropriate partners to secular rulers, the theological moderates distanced themselves from the radical sectarianism of the Anabaptists and the evangelically-inspired insurrectionism of the peasants (Engels 1966). These demonstrations of reliability made them potential candidates for a new church-state arrangement which eventually gave rise to monopoly “confessional” churches in the various regions after 1555 (Gorski 2000; Kahl 2009).

Although Central European cities enjoyed unusual autonomy and powers of self-government, they were situated within the feudal structure of the HRE. The imperial government was very weak and, as Hillerbrand (2007) remarks, “the distribution of power in the empire made for a peculiar situation, for it meant that as long as no strong central authority existed that might have enforced decisions, the territorial rulers, either in consort with the diet or acting unilaterally, were the major players.”

The disposition of regional rulers toward the Church should have influenced the propensity of cities to overturn the Catholic monopoly. We expect that cities located in ecclesiastical states would have strongly favored the Catholic monopoly because of the local clout of ecclesiastical authorities, the fact that most prince-bishops were aristocrats that had acquired their office at considerable expense, and the fact that these bishops as both prelates and secular rulers had coercive means of enforcement. And because of the investment of the local population in the maintenance of the Catholic establishment, the religious monopoly in such
territories may not have relied much on force. In the cities that served as the center of ecclesiastical territories, about a tenth of the population was directly employed by the Church and an even greater proportion was economically dependent on it (Schilling 1988). While strong ecclesiastical authority could have focused anti-clerical sentiment, it is more likely that in such towns Protestant rivals would have had little opportunity for entrance.

A similar set of incentives and constraints probably confronted cities located in Habsburg territories. The emperor was obliged to defend orthodoxy under his mantle of defensor ecclesiae and “advocate of the Roman Church” (Neuhaus 1997). More importantly, the Habsburg dynasty maintained a favorable and profitable alliance with Church and, whatever the sympathies of the burghers in their territories, they risked intervention or invasion by imperial forces if they threatened the Catholic establishment. Whatever the local costs of maintaining the Catholic monopoly, the power of imperial forces to inflict crippling sanctions should have deterred reform in most Habsburg cities (Fühner 2004).

Unlike the Habsburgs, some regional rulers facilitated or even embraced the Evangelical cause in their domains. Princely dynasties had the power and resources to influence the outcome of religious contention in territories they governed. While the princes only played a “small part” in the civic constitution of the cities (Schubert 1996: 74), their declaration of support for, or opposition to, the reform cause could have influenced local struggles. They could influence the issue by encouraging, favoring, and subsidizing the efforts of Evangelical or Catholic forces in their territories. Some of the larger princes came to favor the Reformation as it meant deepening their influence over their territories. It has been widely noted that the princes generally preferred a weak imperial government and little Roman meddling in their affairs. The rise of the robust and ambitious Charles V unsettled them. Charles’ pro-papal and centralizing policies were
perceived as threats to princely ambitions (Kohler 1990; Neuhaus 1997).

These set of reflections lead to the following hypothesis:

**HYPOTHESIS 6:** The greater its independence from imperial and ecclesiastical influence, the greater the odds of a city’s abolishing the Catholic Church.

**Data and Methods**

In order to test our hypotheses, we examine the propensity of cities and towns of the 16th century HRE to institute reforms in the period 1523-1545. The first official abolition of the mass in a town was in 1523. Luther died in 1546 (Zwingli had fallen in battle in 1531) and most historians mark the beginning of the militant Counter-Reformation from the convocation of the Council of Trent (1545). After 1545, a Lutheran bloc of principalities and cities went to war with a Catholic bloc led by Emperor Charles V. Orthodox resurgence, supported by imperial military victories, began to reverse the spread of the Evangelical movement. From this point, the Reformation reflected the rivalry between opposing confessional blocs, resulting in a military and diplomatic stalemate with the Peace of Augsburg in 1555. Because our analysis focuses on the social dynamics of the Reformation movement, 1545 is the cut-off point of our analysis.

Obviously, there are data limitations inherent in any historical study such as this. Nevertheless, in the richness of the existing empirical literature we were able to identify reliable sources for the coding of a number of important variables. Our sources include historical monographs, historical atlases and published source materials. They allow for the coding of population, economic/commercial, cultural resource, political, and network connection variables, as well as the dependent variable, the year of the institution of Evangelical liturgical reforms involving the abolition of the mass.

In all, there were approximately 4,000 towns across the HRE (Scott and Scribner 1996).
In order to protect reliability and because information is more complete for cities, we have limited our analysis to cities with an estimated population of 5,000 or more in 1520. After elimination of a few cases because they did not enjoy urban privileges (Stadtrecht), our final sample consists of a total of 218 cities. The variables employed in our analysis are listed in Table 1.

[Table 1]

**Abolition of the Mass: Dependent Variable**

The object of analysis is the abolition of Catholicism by act of a city council (Stadtrat). As an indicator, we focus on whether the Roman Catholic mass was officially abolished (or “reformed”) in a town or city in the period from 1523 through 1545. In a few instances, the new Evangelical faith and the old Church existed side by side, but usually not for long. Bi-confessionality was at odds with the interests of the contenders and the norm of religious pluralism did not exist. Urban elites believed that various faiths in the same city would encourage sectarianism and social discord (Rublack 1984). For our purposes, the abolition of the mass unambiguously signifies a city’s break with Catholicism and the local victory of reformers. In some instances abolition came before the formal promulgation of new, formally-constituted church orders, in other instances it occurred as part of the institution of an entirely new church. Fortunately, reform is a well-documented phenomenon and the variable is coded from secondary sources (e.g., Brady 1999; Cameron 1991; Greengrass 1998; Köbler 1989; Littell 2001; Lortz 1968, Moeller 1972; etc., supplemented where required by German encyclopedia entries [Brockhaus 1996-1999]). It is coded 1 if the Mass was officially abolished during the study period, but coded 0 if it was not. In our sample, 60% of the cities abolished the mass through 1545.
Independent variables

Population

The measurement of economic variables for early modern cities is difficult, as most indicators, such as economic growth or gross product, are not available for a large sample of cities. Economic historians regard the size of an early modern city as the most readily available and reliable indicators of economic development (DeLong and Schleifer 1993; Cantoni 2009). Nicholas (2003:43) observes of late medieval Central Europe that the larger a city, more diversified its economy would have been.

Central European cities were the trade and marketing centers of regions of surrounding agricultural economies. Their growth was limited both by the volume of trade and manufacturing activity that within them and the productivity of the surrounding region. In an economy still dominated by agriculture, improvements in urban economic productivity should be reflected in larger city sizes as cities absorbed excess labor from the surrounding countryside (Cantoni 2009; Bairoch 1988; de Vries 1984). Given the strong association between economic development and city size, we should expect that the demand for Protestant entry was greater in the larger cities of the HRE than in smaller cities.

Historical demographers have developed techniques to estimate urban population, including through the use of parish and tax records, aerial surveys of settlement cores, and demographic models. Nevertheless, reported population estimates vary. In coding these estimates, we took the average value of multiple estimates (at least two) of town size gathered from secondary sources that report populations from 1450 to 1650 (Bardet and Dupaquier, 1997; Nicholas 2003; Eckert 2000; Brady 1999; Scott and Scribner 1996; Pfister 1996; Israel 1995; Köbler 1989; Russell 1972; Dollinger 1964; supplemented by Brockhaus 1996-1999). Because
population was stable or grew very slowly in agrarian Central Europe, we sometimes took available estimates from up to a century before and after 1520 as an estimate of the population size of a settlement. Population size is measured in thousands of persons, which is logarithmically transformed.

*Hanseatic League*

In addition to the overall size of the economy, the prominence of trade in a city’s economic activities may have also made it more prone to adopt Protestantism. A straightforward way to capture the relative importance of trade in a city’s economic activity is through membership in the Hanseatic mercantile league. The Hansa was founded by north German merchant communities as a guild that would protect their mutual trading interests at home and abroad. The league expanded widely, drawing in member cities from across the northern and central HRE and engaging in trade from the Baltic Sea to the Alps. On average, cities that belonged to the network are likely to have been more commercially developed than other cities and mercantile guilds appear to have played a larger role in their governance (Dollinger 1964; Greif 2004). If so, then member cities should have been more apt to institute the Reformation than other cities. A city is coded 1 if it belonged to the Hanseatic League in 1520 and 0 if it was not a member. The data are coded from Dollinger (1964).

*Dominican Order*

The presence of a Dominican priory in a city is an indicator variable coded 0 or 1, depending on whether or not a priory was located there. The data are assembled from a list in Boockmann (1987: 50), supplemented by reports in Hinnenbusch (1966, 1975).
Monasteries and Mendicant Orders

Drawing on a comprehensive list of the location of all monastic establishments in the HRE around the year 1500 (Jürgensmeier and Schwerdtfeger 2005-2008), we calculate the number of cloistered abbies and the number of mendicant service orders (less the Dominicans) present in a city per 1,000 residents.

Church size

Following Ekelund et al. (2006), we use the height of the nave as a proxy for the size and capacity of a church. Often, the height of the tallest church tower is used to measure church height. However, in Central Europe it was not uncommon for cities to economize by building a relatively small church with a very tall tower. This would fail to capture the central mechanism of the limit-pricing hypothesis: A visible demonstration of the ability to serve an entire market at a set price. Rather, we take the measure of the height of the church’s nave or central dome. The nave is the central part of a Christian church and unlike other areas of the church, such as the chancel or the choir, the nave is for the use of the laity. In the later medieval period, church builders generally sought to construct as tall a nave as they could, both in order to increase the area of the church and for the sake of dramatic effect, a very notable feature of Gothic cathedrals. We measure the height of the nave (or dome in a basilica) in meters. The data are assembled from a number of sources including figures supplied by historians (Mark 2006; Mitchell 1968) and by the church’s themselves. In some instances, the height of the nave is not available but the height of the church’s tower is provided. In those instances, we estimate the height of nave/dome through a relative measure of distance between its summit and the summit of the tower. The height in meters is log-transformed.
**Political Regimes**

Although some cities were fully independent city-states (*Reichs-und Freistädte*), most were located within the domains of territorial rulers. In the HRE, political order was based on the sovereignty (*Herrschaft*) of territorial rulers united under the imperial crown. The monarchy was elective, however, with a handful of the largest principalities, bishops and imperial cities having the right to select an emperor’s successor and meet with him in annual council (the imperial diet, or *Reichstag*; Neuhaus 1997). In practice, the HRE was a very loose confederation. Among its territories were nascent states ruled by powerful dukes (*Herzöge*) and prince-electors (*Kurfürste*), ecclesiastical states controlled by bishops, petty aristocratic domains, autonomous cantons, and the direct holdings of the Habsburg dynasty. Consequently, the emperor’s authority was quite limited outside his own domains and the princes and free cities continually frustrated both Emperor Maximilian (r. 1493-1519) and Charles V (r. 1519-1556) in their efforts to centralize power (Spruner von Merz 1880; Köbler 1989; Kohler 1990; Schindling & Ziegler 1989-1997; Schubert 1996; Neuhaus 1997).

In order to assess if the adoption of reform was influenced by the free status of a town or its surrounding territorial regime, we code a number of political regimes as indicator variables. First, we take a measure of the relative independence of an urban regime in deciding to adopt Evangelical reforms or reject them. If a town was chartered as a *free or imperial cities*, had acquired such privileges before 1520, or were cantons it is coded 1, regardless of its surrounding territory. But if a town did not enjoy this status and was located in a territory treated as a *Habsburg dominion*, it is coded 1, if it was located in one of 21 princely states independent of the Habsburgs (*Herzogtum, Kurfürstentum*, etc.) it is coded 1. *Ecclesiastical states* were ruled by bishops or archbishops serve as the reference group. Our regime types are exclusive,
exhaustive and coded systematically by reference to established political geography (Köbler 1989; Schindling and Ziegler 1989-1997; Spruner von Merz 1880).

**Results**

[Table 2 about here]

In order to assess our hypotheses, we estimate a binary logistic regression model on the abolition of the mass which is a categorical variable (Long 1997). See Table 3.

In general, the findings provide little support for Eckelund et al.’s economic theory of Protestant entry. Our findings do render partial support for the economic development thesis. The logged population size of a city had no significant effect on its odds of abolishing Roman Catholicism in the presence of covariates. While it is true that our sample is a censored one, as it only includes larger cities (those of 5,000+ populations), it appears as if population size alone is not an important factor in determining whether or not cities elected to abolish Catholicism. This may be because of the nature of the sample or because population size alone is too coarse a measure of economic development. Indeed, our indicator variable for membership in the Hanseatic trading league does attain significance and increases the odds that a city abolished Catholicism. Thus, consistent with Eckelund’s arguments, it does appear that in the HRE highly commercialized trading centers favored Protestantism net of other variables.

However, the other propositions drawn from the economic perspective on Protestant entry are generally not supported. Our hypotheses concerning the economic benefits and public goods that were supplied by cloistered and mendicant orders as factors reinforcing loyalty to the Catholic Church finds no support in our analysis. This may be because the economic effects of monasteries are captured in other variables or because the primary beneficiaries of Catholic charity, the poor, did not play a direct role in the governing of cities. The patricians and
burghers that dominated city councils may have been largely insensitive to the preferences of poorer citizens or were convinced that charity could be more efficiently provided through other institutional mechanisms such as civic welfare agencies (Kahl 2009). The hypothesis that the Dominican order may have effectively protected the Catholic monopoly through the enforcement of orthodoxy likewise finds no support in our analysis. This may be, as Bagchi (1991) has argued, because the early opponents of the Reformation in the HRE were poorly coordinated, were not consistently backed the bishops or by the emperor, and relied heavily on political patronage and support.

However, our analysis renders support to the limit-pricing hypothesis of church size which achieves marginal significance. Ecklund, Hebert and Tollison’s (2006) exploratory test was of a small sample (N=18) and did not include covariates such as population or political regime. We find that, net of both economic and political covariates, the size of a city’s main church structure did reduce the odds that the Catholic monopoly would be abolished. It may be argued that church size operates through a different mechanism than the one hypothesized here, such as the local resourcefulness and political clout of the Church. However, this variable achieves significance even in the presence of measures of other church resources such as abbeys and monastic establishments.

The hypothesis based on elite political interests as indicated by regime types finds very strong support in our analysis. With cities located in ecclesiastical territories ruled by prince-bishops as the reference category, the highly autonomous free and imperial cities were significantly more likely to abolish Catholicism. As has been emphasized by the historical literature, free and imperial cities appear to have eagerly embraced the Reformation as a way to assert their interests and reduce outside influence on their governance and internal affairs.
(Blickle 1992; Brady 1996; Moeller 1972). Moreover, their relatively open and responsive form of government may have made it easier for popular opinion to effect institutional change, as emphasized by Swanson (1967).

Cities located in princely states were even more likely to abolish Roman Catholicism than free cities -- the cities in our sample located in princely states were, on average, thirteen times more likely to abolish the Catholic monopoly as were cities located in ecclesiastical territories. This finding is not only consistent with the extensive historiography of the “magisterial” Reformation but also with the explanation offered by Stark (2003) and the political economy of church-state relations as elaborated by Gill (1998). In fact, although they did not initiate the Reformation and sometimes embraced it reluctantly, of the 21 principalities (Kurfürstentümer, Herzogtümer) coded for this study, 18 of had come to favor the abolition of the Catholic monopoly in their territories by 1545. It seems clear that where princes either favored the Reformation or did nothing to obstruct its entry, Evangelicals enjoyed enormous advantages. In some instances, the princely patronage of reformers facilitated an attack on the Roman Catholic establishment; in others, pressure from a territorial ruler probably determined the disposition of urban elites fearful of openly defying their prince’s political preferences.

Cities located in Habsburg territories were not significantly less likely to abolish Catholicism than ecclesiastical states despite the power of the imperial dynasty. This is not to suggest that Habsburg territories were hospitable terrain for Protestantism – being located in a Habsburg territory is strongly negatively correlated with Catholic abolition. The reason why the negative influence of Habsburg territories on the urban Reformation is not statistically greater than that of ecclesiastical states may indicate inconsistencies in the Habsburg posture toward Evangelicals. In some Habsburg territories Protestants faced severe repression and orthodox
enforcement was facilitated by imperial power. Where Charles’ authority was most directly expressed, as in the Habsburg Netherlands, local officials took an active role in the suppression of heresy early on and crushed all efforts to organize a rival church. In 1521, Charles declared that in the Netherlands “disciples and converts” of the “devil” Martin Luther were to be punished with death and forfeiture of goods. A bloody campaign to suppress opponents of the Church began with the execution of Lutheran heretics in Brussels in 1523. Private discussion of Catholic doctrine and unauthorized reading of Scripture were forbidden by law. The Church’s Inquisition was supplemented by secular courts authorized to investigate and try heretics. In the first half of the 16th Century, hundreds of “heretics” were executed in the Low Countries and the Lutheran reform movement was effectively crushed (Fühner 2004; Hillerbrand 1996; Motley 1929; Tracy 1990).

However, this was not the pattern in every Habsburg dominion; enforcement depended on the incentives that the local imperial regent perceived for an active defense of the Catholic establishment. In the Austrian lands, Archduke Ferdinand (r. 1521-1564), saw little to be gained from the punishing heretics with “fire and sword”. Largely consumed by defensive wars with the Turks and dynastic claims to Hungary, Ferdinand opposed reform but made little effort to smash heresy and tolerated Protestantism in Silesia and Bohemia (Kann 1974: 26-35). It was not until the 1540s that Charles made a determined effort to beat back Protestants across the Empire.

**Discussion**

Sociologists emphasize political opportunities in explaining the variable success of the movements like the Reformation. The social movement literature finds radical institutional challengers are more likely to succeed in a “facilitative” rather than in a “repressive” polity (McAdam, McCarthy & Zald 1996; Tarrow 1994; Tilly 1978). Our findings also indicate that
the position of a city in relation to the political structure of the HRE had implications for Evangelical challengers and the willingness to abolish the Catholic Church.

Swanson (1967), Fulbrook (1983) and Stark (2003) emphasize the importance of political regimes and aristocratic patronage in both making religious contention possible and for the institution of reform. As Stark (2003) contends, support for the Evangelical cause served some princes’ strategic and material interests, with the Saxon prince-electors, Luther’s patrons, serving as famous examples. It is not that all princes had the same interest; it is only that on average princely states generally facilitated Evangelicalism in the cities either because they favored reform or had little to gain from suppressing it. Their posture reflected hopes of gaining control over ecclesiastical affairs, tithes and religious revenues, endowments, and estates. And it reflected an interest in seeing emperor and pope bogged down in costly struggles (Dixon 2000; Köbler 1989: Neuhaus 1997; Schubert 1996).

Swanson (1968) proposed that relatively open and responsive political regimes would have favored the Reformation, while hierarchical and authoritarian ones would have tended to oppose it. Above all, this meant that the greater the autonomy of a city in the HRE the greater the odds that it would adopt the Reformation. Likewise, Swanson saw certain regions where imperial authority was weak as prone to reform. Indeed, that cities in the HRE were formally autonomous does not mean that all cities enjoyed equivalent status. Some enjoyed an imperial charter, making them independent of local princes or bishops. Other towns were released from obligations to the princes because of privileges granted or purchased. These “imperial” and “free” cities (Reichs-und Freistädte), were in effect, city-states with the greatest political independence among Central European cities. Beginning with Moeller (1972), historians have generally argued that free and imperial cities favored the Reformation as a means by which to
enhance their autonomy, improve government revenues, better manage civic resources, and free-up economic resources.

The importance of secular enforcement of the Church monopoly is reinforced by consideration of the role of Habsburg rulers. Emperor Charles V was bound by his oath as “defender of the Church” to crush heresy. In practice, however, his direct authority was limited to those territories in the HRE held by members of the Habsburg dynasty -- and even they responded to varying political incentives created by their local situation. Outside Habsburg territories, the emperor’s power was quite limited and the governments of sovereign princes and independent city-states had the power to turn against the Catholic establishment. While these territorial rulers and civil authorities had varying dispositions toward Protestantism, in general they favored overturning the Roman Church.

In terms of the religious markets concept, the inability of the Charles V, the Catholic loyalist princes, and German bishops to coordinate a campaign against Evangelical heresy allowed for Protestant market entry. Brady (1998: 387) notes that the emperor was often compelled by foreign wars and political decentralization to conciliate the Protestant princes and cities, which, in turn, “dampened the freedom and will of many of the Empire’s Catholic prelates to undertake a vigorous defense of their faith.” To their continuing frustration, Catholic loyalists fighting to suppress heresy enjoyed inconsistent imperial support and worked with bishops concerned largely with their particular interests as prelates and princes. A concerted, imperial counter-movement did not take shape until after the Council of Trent (1545) and the beginning of the war against the Protestant princes (Bagchi 1991: 228-229). However, by that point the Catholic establishment had been abolished in large areas of the HRE and rival Protestant churches had become established in 60% of the cities in our sample.
Following the abolition of the Catholic monopoly, official Protestant churches were established by city governments and principalities across the HRE. During the “confessional age” that followed the Peace of Augsburg in 1555 and the organization of the Catholic counter-Reformation, rulers strove to establish rival Catholic, Lutheran and Calvinist monopolies in their territories. These regional churches (Landeskirchen) were the exclusive religious firms of their territories and rulers denied religious liberties to individuals. In effect, for the next three centuries religious monopoly was replaced with religious oligopoly in Central Europe.

Although the realms are not easily separated, for the most part it appears that interests of state prevailed over economic interests in the abolition of the Catholic monopoly. Indeed, our findings seem to render clear support in favor of the “magisterial” interpretation of the Reformation. Lutheran and Zwinglian reformers courted a close relationship with secular authorities such as the princes and the city councils. Rather than call for the abolition of the Catholic monopoly in favor of religious pluralism or a church that would govern itself independently of state authorities, their theological stressed that “The magistrate had a right to authority within the church, just as the church order could rely on the authority of the magistrate to enforce discipline, suppress heresy, or maintain order (McGrath 1998: 159). While more radical models of church organization and government also found advocates and were instituted in some cities, the magisterial Reformation generally prevailed.

Conclusion

The religious economies model has generated an enormous amount of theoretical and empirical research within the social scientific study of religion. The clear theoretical framework has provided many avenues for deriving testable hypotheses, yet most of the empirical tests have focused on the relationship between religious pluralism and religiosity (e.g., Chaves and Gorski
2001 review 26 published articles testing this relationship). Voas et al.’s (2002) critique of the measure of religious pluralism used in these studies undermined much of that research. Still, more recent work has attempted to begin anew by creating new conceptualizations and measurements of pluralism (Montgomery 2003; McBride 2008) and by integrating the supply- and demand-side approaches. If, as the theory predicts, religious pluralistic economies have higher levels of religious consumption compared to religious monopolies, then understanding how rival religious firms enter and make inroads in religious economies characterized by monopolies becomes particularly important to investigate. Drawing on the religious economies model, Ekelund and associates (1996, 2006) offer several hypotheses that attempt to specify the factors that facilitate or impede the success of rival religious firms. Swanson (1968), Gill (1998), and Stark (2003) provide complimentary explanations drawing on political economy. Up until now, empirical tests of these propositions have been few and largely unconvincing due to lack of appropriate data.

We tested these two competing explanations using a unique dataset of over 200 German cities in the HRE to identify whether they can adequately explain the variable success of the Evangelical movement in the beginning of the Reformation (1523-1545). The results provide mixed support for Ekelund et al.’s (2006) religious economic propositions but are clearly consistent with the political economy perspective advanced by Swanson (1968), Gill (1998), and Stark (2003). Church-state relations and, in particular, the interests of rulers may be more important than firm-level factors for understanding the collapse of monopolies and the flourishing of rival religious firms. More broadly, the findings reaffirm that religions do not exist in a vacuum and contributes to the literature by further identifying the types of institutions that
may have more or less of an influence on the direction of religious change as well as on the likelihood of success for fledgling, yet aspiring, religious movements.
### Table 1. List of Variables Used in the Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measurement</th>
<th>Mean</th>
<th>Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abolition of the Mass (1523=1545)</td>
<td>1 if abolished mass; 0 if not abolished mass</td>
<td>.60</td>
<td>N/A</td>
</tr>
<tr>
<td>Population</td>
<td>Logged population size in thousands</td>
<td>3.94</td>
<td>+</td>
</tr>
<tr>
<td>Hanseatic League</td>
<td>1 if belonged to Hanseatic League; 0 otherwise</td>
<td>.26</td>
<td>+</td>
</tr>
<tr>
<td>Dominican order</td>
<td>1 if a Dominican priory is present; 0 otherwise</td>
<td>.33</td>
<td>-</td>
</tr>
<tr>
<td>Cloisters</td>
<td>Number of cloisters per 1,000 residents</td>
<td>.15</td>
<td>-</td>
</tr>
<tr>
<td>Other Mendicant</td>
<td>Number of mendicant orders per 1,000 residents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Church size</td>
<td>Logged eight of the nave in meters</td>
<td>1.33</td>
<td>-</td>
</tr>
<tr>
<td>Free/Imperial Cities</td>
<td>1 if free or imperial cities; 0 otherwise</td>
<td>.27</td>
<td>+</td>
</tr>
<tr>
<td>Habsburg dominion</td>
<td>1 if located in a Habsburg dominion; 0 otherwise</td>
<td>.23</td>
<td>-</td>
</tr>
<tr>
<td>Princely states</td>
<td>1 if located in a princely state; 0 otherwise</td>
<td>.25</td>
<td>+</td>
</tr>
</tbody>
</table>
Table 2. Logistic Regression Coefficients Predicting Abolition of the Catholic Mass in the HRE (1523-1545)

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Coefficient</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>2.900</td>
<td>(3.333)</td>
</tr>
<tr>
<td>Population</td>
<td>-.363</td>
<td>(.902)</td>
</tr>
<tr>
<td>Hanseatic League</td>
<td>.924*</td>
<td>(.451)</td>
</tr>
<tr>
<td>Dominican Order</td>
<td>.606</td>
<td>(.395)</td>
</tr>
<tr>
<td>Other Mendicant Monasteries</td>
<td>1.730</td>
<td>(1.415)</td>
</tr>
<tr>
<td>Cloisters</td>
<td>-.126</td>
<td>(.448)</td>
</tr>
<tr>
<td>Church Size</td>
<td>-1.995†</td>
<td>(1.044)</td>
</tr>
<tr>
<td>Free City</td>
<td>1.521***</td>
<td>(.463)</td>
</tr>
<tr>
<td>Habsburg Dominion</td>
<td>-.081</td>
<td>(.483)</td>
</tr>
<tr>
<td>Princely States</td>
<td>2.570***</td>
<td>(.558)</td>
</tr>
<tr>
<td>N</td>
<td>218</td>
<td></td>
</tr>
<tr>
<td>Cox &amp; Snell R2</td>
<td>.296</td>
<td></td>
</tr>
</tbody>
</table>

† p < .1  * p < .05  ** p < .01  *** p < .001
References


Gill, Anthony. 1998. Rendering unto Caesar: The Catholic Church and the State in Latin


