**Religious Freedom, Democratization, and Economic Development:**

**A Survey of the Causal Pathways Linking Religious Freedom to Economic Freedom and Prosperity and Political Freedom and Democracy**[1]

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**THE GLOBAL CRISIS IN RELIGIOUS FREEDOM**

Over the past several years, every region in the world has seen palpable declines in respect for religious freedom, including North America and Western Europe. In many places, threats to religious freedom are dire. Christians in Egypt and Syria, Baha'is in Iran, Shiite Muslims in Indonesia, and Sunni Muslims in Thailand and Burma, face serious threats to their viability and even survival. This deepening abuse is closely associated with, and likely contributes to, instability, extremism, violence, poverty, and underdevelopment. Remarkably, however, opinion shapers and policy makers in the academy, secular media outlets, governments, and human rights organizations continue to assign religious persecution a far lower priority than its sheer scale warrants.

Currently, the most reliable data are clear that the global condition of religious freedom is poor and deteriorating. According to the Pew Forum on Religion & Public Life, the proportion of the world's population living in countries with severe restrictions on religion jumped from 70% to 75% in only one year, between 2009 and 2010. Every region saw palpable declines in respect for religious freedom, including North America and Western Europe.

However, despite the availability of unprecedented new information about global religious repression, and the deterioration of religious liberty in the West, few devote serious and sustained attention to the issue. For example, according to an analysis by Georgetown University's Religious Freedom Project of more than 12,000 articles published in the top American political science, economics, and sociology journals over a 22-year period (1990-2012), religious freedom was a focus of analysis in only 29 articles — less than 0.3% of published scholarship. Over this period, several major journals published no articles with a focus

on religious freedom.[2] Similarly, our analysis of 323 major reports published by Human Rights Watch over a three-and-a-half year period (from 2008 to mid-2011) revealed that religious freedom was a focus in only 8, or about 2.5% of published reports. For the vast majority of scholars and policy analysts, religious freedom is simply not an important political, economic, or international issue.

It is well past time for more scholars and policy analysts to pay more attention to religious freedom. But what new light can scholarly research shed on this global crisis? Can social-scientific research illuminate its implications in a way that might generate greater scholarly, policy, and media interest in, and debate about, religious freedom? What new scholarship would encourage greater global investment in advancing religious freedom throughout the world? What kinds of academic research might even encourage religiously repressive societies themselves to take steps to improve their levels of religious freedom?

We believe that key global opinion shapers and policy makers, as well as the general public, will back serious measures to promote religious freedom — and explore its dimensions and implications more systematically — only if they believe that it will help their societies flourish. It is not enough to show that religious persecution is widespread and growing — the preoccupation of most research and advocacy efforts on religious freedom. Nor is it sufficient to establish religious freedom as a good or human right rooted in philosophical and theological traditions. We must also explore the connection between levels of religious freedom and the basic health and well-being of societies.

[2] The analysis included all articles published between January 1990 and December 2012 in the *American Economic Review, American Political Science Review, American Sociological Review, International Organization, International Security, Comparative Politics, Journal of Democracy, Journal of Political Economy, Perspectives on Politics, Political Theory, Quarterly Journal of Economics, Security Studies*, and *World Politics.*

In the broadest sense, the key research question is: *What is the relationship between religious freedom and societal flourishing?* Specifically, to what extent is religious freedom a cause or "independent variable" in relation to the effect or "dependent variable" of societal flourishing? If religious freedom does contribute to the flourishing of societies, how, and under what conditions?

Scholars of religion, politics, and society have too long ignored these critical questions. They have tended to view religious freedom as a straightforward byproduct of democratization that, once guaranteed in a constitutional order, has only marginal wider economic, social, and political significance. This paradigm deserves to be challenged in fundamental ways. We recognize that a democratic constitutional order of majority rule and limited government is a necessary condition for full and secure respect for religious freedom. However, the existence of a basic democratic system is not a sufficient condition for religious freedom (as exemplified by Indonesia, the world's most populous Muslim-majority country, which is considered generally "Free" by Freedom House, yet is witnessing rising persecution against many religious groups, including disfavored Muslim sects). Furthermore, the prior insistence of religious communities on their freedom to exist and operate independently of state power has proven to be an indispensable theoretical and historical precondition for constitutional democracy itself. In other words, religious liberty may be a kind of linchpin, a key missing component in the bundle of fundamental freedoms necessary for democracy to consolidate.

A careful comparative examination of causal connections between religious freedom, economic prosperity, and democracy would illuminate those relationships, and the role that religious liberty might play in both democratization and economic development. And it would

shed light on how restrictions on religious engagement in public life, in both democratic and autocratic regimes, can undercut societal flourishing in practice.

Over the past several years, scholars have begun to explore these connections. We hope these scholarly efforts will grow, and will put us in a position to challenge the dominant paradigm. One model for what such scholarly efforts could yield is the paradigm shift that has occurred in scholarly and policy thinking on girls' education over the last fifteen years. Girls' education was once celebrated simply as an intrinsic good. It is now understood that investing in girls' education yields a host of major societal benefits, including reduced child and maternal deaths, and improved child health.

New scholarship that examines religious liberty not just as a good in its own right but as a wider economic, social, and political force may have a similar impact. The present paper lays the foundations for this effort by identifying and specifying with some analytical clarity a number of causal pathways (eight to be precise!) whereby religious freedom contributes to political freedom and democracy, on one hand, and economic development and prosperity, on the other — two important dimensions of societal flourishing — under at least some conditions. We invite other scholars from a wide range of disciplines to build on these foundations by identifying other pathways, critiquing and clarifying our pathways, and testing the most plausible and powerful pathways using a variety of appropriate quantitative and qualitative methods. The rich and unexplored societal dimensions and implications of religious freedom — not to mention the millions of real people that are the victims of religious repression all over the world — deserve nothing less.

## LINKING RELIGIOUS FREEDOM AND SOCIETAL FLOURISHING

Our hypothesis is that societies with higher levels of religious freedom will tend to enjoy higher levels of societal flourishing. Our approach here defines religious freedom and societal flourishing and identifies eight causal pathways between them that have appeared in the scholarly literature, but which merit further investigation and clarification.

Our starting point is understanding religious freedom as the freedom to engage in public life (as well as private life) on the basis of one's religious convictions and identity. By this definition, any increase in the cost of believing, practicing, and acting on one's faith decreases religious freedom. Conversely, anything that decreases those costs increases religious freedom. Of course, decreases in religious freedom can be justified; sometimes they are "necessary to protect public safety, order, health, or morals or the fundamental rights and freedoms of others" (International Covenant on Civil and Political Rights, 1966). But our broad and inclusive conceptualization is essential in order to capture the multi-dimensional nature of religious liberty, including social and political restrictions often missed by narrower institutional or legal definitions. It also allows one to compare levels of religious liberty and their economic and political effects through a systematic, cross-national examination of contrasting regulatory regimes (Gill 2008).

Societal flourishing, like religious freedom, is a contested concept. We focus on its related economic and political dimensions. First, no society can secure the survival and basic well-being of its people without economic production and growth. Such production and growth, in turn, require some degree of economic freedom — to form and join economic enterprises and to exchange goods, labor, and capital in the market. Second, no society can respect the dignity and interests of its people without a high degree of political freedom and government

accountability. In practice, such freedom and accountability require limits on government power, the protection of fundamental human rights, and free and fair elections within democratic institutions.

The insight that religious freedom contributes to the economic and political flourishing of societies is not new. At the beginning of the 17th century, Thomas Helwys, the English founder of the Baptist denomination, moved to the Netherlands because of its greater toleration and the potential economic and social benefits. "Behold the Nations where freedome of Religion is permitted," wrote Helwys in 1612, "and you may see there are not more florishinge and prosperous Nations under the heavens then they are" (Helwys 1998 [1612]). Later in the 17th century, William Penn consistently argued for religious freedom on the basis of its economic and political advantages (Penn 2002). In the mid-18th century, the governors of the British Board of Trade observed that a "free exercise of Religion is so valuable a branch of true liberty, and so essential to the enriching and improving of a Trading Nation, it should ever be held sacred in His Majesty's Colonies."

As political scientists Anthony Gill (2008) and John Owen (2010 and Forthcoming) have noted, economic and political arguments such as these contributed in significant ways to the growing acceptance of religious liberty in Great Britain, the American colonies, and the independent United States in the late 17th and 18th centuries. Their recent work and that of other scholars suggest a strong correlation between religious freedom and societal flourishing across a range of critical cases.

Nations that rank high on measures of religious liberty also tend to be the most economically developed and most politically free. Taking GDP per capita (nominal) as a reliable proxy for average wealth levels, of the top 30 nations in the world as measured by the

International Monetary Fund, 26 of them generally respect religious freedom. More fine-tuned statistical analysis reveals strong correlations between measures of religious freedom and levels of economic and political development (cf. Grim 2008, Grim and Finke 2011, and Alon and Chase 2005). For example, sociologists Brian Grim and Roger Finke (2011) have analyzed the cross-national relationship between religious liberty, on the one hand, and numerous indicators of economic development and political freedom, on the other, including basic civil liberties, gender empowerment, longevity of democracy, lower poverty, economic freedom, lower inflation lower income equality, and foreign direct investment. They found that the correlations between religious freedom and all of these indicators are statistically significant, with particularly robust relationships between religious freedom and political freedom, freedom of the press, civil liberties, gender empowerment, longevity of democracy, lower poverty, and economic freedom.

## EIGHT CAUSAL PATHWAYS

These strong and highly significant correlations suggest that religious freedoms, other freedoms, and societal flourishing are closely intertwined. But they do not establish causality. What is the nature of the relationship? When and how might religious freedom shape wider economic and political development?

The scholarly literature suggests that religious freedom may promote economic and political flourishing under some conditions through at least eight causal pathways. In some of the pathways, which are enumerated below, there is a fairly *direct* relationship between religious freedom, on one hand, and economic freedom and prosperity and political freedom and

democracy, on the other. In others, there is an *indirect* relationship, which runs through a number of intervening variables, mechanisms, and processes. Also, some pathways are more relevant to the connection between religious freedom and economic freedom and development, some to the connection between religious freedom and political freedom and democracy, and some to both.

**1. The Ideas Pathway**: One way religious freedom fosters societal flourishing in its economic and political dimensions is the mechanism of religious ideas. Religious freedom makes it possible for religious ideas that promote economic development and political freedom to take hold and shape society for the better.

One form of this mechanism is relatively direct. Religious liberty allows various religious ideas to be propagated in society. To the extent that religious liberty permits certain religious ideas, values, or norms conducive to economic growth and political freedom to flourish, economic development and political democracy are likely to ensue.

No work in the social science canon better represents the link between religious ideas and economic outcomes than Max Weber's *The Protestant Ethic and the Spirit of Capitalism* (1992 [1904/1905]). A Calvinist ethical code that downplays consumption in favor of self-discipline and thrift allowed financial capital to pool in places heavily influenced by this theology, most notably northern Europe. A variant of the Calvinist doctrine of predestination argued that those favored by God would be favored in the present time with worldly success, thus providing people an incentive to work hard as a means of demonstrating they were among the elect. Moreover, according to eminent British historian H. R. Trevor-Roper, a Calvinist ethos was most able to flourish in areas of northern Europe such as the Dutch Republic and England, which enjoyed higher levels of religious toleration (Trevor-Roper 1967). Environments of relative

religious openness allowed the economically beneficial ideas of Calvinism to spread and exercise a significant societal influence.

Although the social sciences have often ignored the role that religious ideas play in fostering economic and political flourishing since Weber's *Protestant Ethic*, partly due to the growing mathematization and reductionism of economic and political analysis, the role of religious ideas has begun to reappear in the literature (cf. North 2010). For example, Deirdre McCloskey (2007 and 2011) has argued that a specific set of entrepreneurial values was more responsible for the rise of Western capitalism and hence economic growth than other previously emphasized factors. Though religion is not central in McCloskey's analysis, religious ideas play some role. In addition, Barro (2004), McCleary (2008) and Barro and McCleary (2003) use statistical methods to show that a belief in hell is one of the main predictors of economic growth. Guiso, Sapienza and Zingales (2003 and 2006) and Hayward and Kemmelmeier (2011) also find that intense religious beliefs are correlated with certain attitudes conducive to economic growth (e.g., thriftiness, preference for a market economy). Likewise, work by Greif (2006) on the cultural preconditions of growth-enhancing individualistic societies versus growth-dampening collectivist societies suggests how religious traditions can foster (and limit) societal flourishing. Stark (2005) makes a similar claim linking Christian monotheism to the development of the scientific method and commercial practices that gave Europe an economic edge over other regions following the 12$^{th}$ century.

One way in which the positive economic and social impact of specifically religious ideas has been understood is through the concept of "spiritual capital" (Malloch 2008, 2009; Capaldi and Malloch 2012). Just as "social capital" refers to socially generated networks, norms, and ideas that can be leveraged to facilitate economic and political development, "spiritual capital"

refers to religiously generated resources — including religious ideas and norms — that favor positive social, economic, and political outcomes. For example, research among the poor suggests that certain forms of spiritual capital, such as trust in God's provision for the future and tithing, can encourage economically beneficial behavior, including disciplined spending and higher savings rates (Shah and Shah 2010, 2013).

Economist Timur Kuran offers among the most systematic attempts to trace the long-term impact of religious ideas on economic and political flourishing in his work on the historical development of Muslim societies, particularly in his analysis of "the long divergence" between economic growth in the Christian West and economic stagnation in the Islamic world (2005, 2010). According to Kuran, ideas and norms about financial interest, inheritance law, and the religious trusts responsible for charitable giving (the *waqf*) created distortions in Middle Eastern economies, hampered civil society, and perpetuated political authoritarianism (Kuran 2012). Sometimes Christian societies had similar growth-limiting ideas, such as prohibitions on usury. But on some matters Christian societies had a different set of ideas, such as the importance of inheritance and the differentiation between political and religious institutions, which encouraged the pooling of capital over time, financing large-scale enterprises, and forming dynamic civil societies. According to Toft, Philpott, and Shah (2011), the combined conditions of greater religious freedom and democratic "political theologies" paved the way for democratization in many Christian-majority countries in the late twentieth century but in several important Muslim cases as well, especially where there was a tradition of autonomous civil society organizations (as in Indonesia). By this logic, the relative lack of religious freedom and autonomy in Muslim-majority countries may be one important explanation for the relative paucity of liberal democracy in these countries (Sarkissian 2012).

What about the fact that not all religious ideas enhance economic prosperity and political freedom? There are many kinds of religious ideas, after all, some more conducive to societal flourishing and some less so. Does not religious liberty make it possible for all these ideas to persist and spread and therefore potentially undermine societal flourishing?

This points to the second way in which religious liberty fosters societal flourishing through the mechanism of religious ideas. Religious liberty creates the only kind of context in which a wide variety of religious ideas can be tried and tested for their societal consequences. *Over the long run, the open and competitive social environment created by religious freedom enables ideas that are growth promoting and freedom promoting to be recognized and accepted as conducive to societal flourishing.*

For example, according to Robert Woodberry's research on religious competition between Protestant missionaries and other religious communities over the last two hundred years in Asia, Africa, and Latin America, many non-Protestant groups over time learned to recognize some Protestant beliefs and practices as conducive to societal flourishing. These ideas included voluntarism (Woodberry 2012). Environments of relative religious liberty made it possible for Protestant ideas such as this to be introduced and to spread to many societies, and made it possible for non-Protestant groups to absorb and replicate them. The result of such freedom and inter-religious competition, over time, was that socially beneficial religious ideas became more and more widely accepted and practiced. The spread of these ideas, in turn, had a measurable impact on economic development and political democratization.

An additional example: the Catholic doctrine of religious liberty, given full voice in the 1965 conciliar document *Dignitatis Humanae*, was influenced by many factors, including a vigorous debate among Catholic thinkers about how the tradition might support religious

freedom for all, including non-Catholic individuals and groups. It may be that a similar debate among Muslim thinkers can have positive effects in Muslim-majority countries such as Egypt, Turkey, or Indonesia. Marshall and Shea (2011) argue that anti-blasphemy laws and practices stifle debate in such countries, and that their removal could feed liberal reforms.

One way to describe this mechanism is that religious liberty fosters a variety of "natural experiments" or "social laboratories" that reveal the social effects of different religious ideas. Given enough time, this disclosure effect also serves to help some religious ideas win more adherents and social influence than others. Through a kind of sociological natural selection in which pro-developmental religious ideas gain acceptance and exercise widening social influence, while less socially beneficial ideas decline, religious liberty may enhance long-term economic prosperity and political freedom.

**2. The Skills Pathway:** Religious groups often promote organizational and other economically and politically useful human capital skills among their members. The freer those religious groups are to pursue their activities, therefore, the more they will enhance the overall pool of human capital conducive to economic prosperity and political freedom.

Being religious is not solely a matter of holding religious ideas. Most religious traditions encourage communal activities that derive from religious ideas and doctrines (such as obedience to God, charity, virtue) but also require organization. People must hone leadership skills, find ways to coordinate their activities, develop interpersonal skills, and acquire self-discipline. Add to this a whole host of organizationally specific tasks such as bookkeeping, providing childcare, and even janitorial or landscaping services, and one quickly recognizes that religious organizations often serve as low-cost schools for individuals to develop economically and

politically useful habits and skills.

To the extent that religious organizations rely on and train volunteers to perform these organizational tasks, religious adherents gain skills that are transferable to the secular economy and polity, possibly stimulating entrepreneurial activity, enhancing productivity, or fostering civic skills. For example, proselytizing religions often require a cadre of trained volunteers who are capable of "selling" (preaching) a "product" (a set of theological beliefs) to potential "consumers" (adherents). These interpersonal skills are potentially transferable to the secular worlds of commerce and politics. To the extent that religious liberty permits proselytizing, more missionaries will be trained and provided with essential human capital that will benefit the entire economy.

More importantly, attracting new believers requires making the proposed faith credible and attractive. Given that missionaries are trying to convince unaffiliated individuals to seek intangible spiritual goods, they often use tangible benefits to enhance their credibility. While the proffering of benefits can be exploitative, it can also generate positive economic results. Missionaries teach people a variety of skills — from reading to better farming techniques — as a means of building trust. To the extent that such skills develop human capital (or even physical capital) and are useful in promoting other economic activities, missionaries create important conditions for economic growth.

Woodberry's (2012) landmark thesis on the relationship between "conversionary Protestants" and democratic development also demonstrates the logic and importance of causal pathways linking religious liberty, portable skills, and economic and political development (see also Gallego and Woodberry 2010). Woodberry calls attention to the vigorous efforts of Protestant missionaries to spread a variety of concrete skills, such as literacy, because reading the

Bible was a main component of their theology of personal salvation. This also required the skills and technologies associated with mass printing. Gill (1998) noted a similar pattern in Latin America. As Protestants entered the region in the early to mid 1900s, they attracted members of the lower classes by offering a variety of educational opportunities (e.g., literacy training, communication skills) that were soon replicated by the Catholic Church in an attempt to retain the allegiance of a previously neglected population (another form of peaceful religious competition). Elizabeth Brusco (1995) also found that the skills imparted to men by evangelical churches led to an almost immediate improvement in the financial situation of households. In a similar vein, Willems (1955) demonstrated how Protestants encouraged many Latin Americans to abandon counter-productive habits, while Shah and Shah (2010, 2013) more recently showed how evangelical values led to self-empowering economic behavior among the poor in India. Likewise Becker & Woessmann (2009) and Blum and Dudley (2001) argue that Weber's "Protestant ethic" was based not so much on a shift in economic ethos or values as on the promotion of certain skills — literacy again being crucial — that built human capital and economic prosperity (cf. Woodberry 2012 and Woodberry and Shah 2004).

This relationship between religion and the development of civic and economic skills is closely connected to religious freedom. The more religious groups enjoy freedom to perform organizational and recruiting functions independently of control or financing by other institutions, particularly the state, the more they will depend on their own organizational capacity and a wide range of individual volunteers, who will in turn need to develop skills that are readily transferable to the economic and political realms.

**3. The Charity/NGO Pathway:** Markets sometimes misallocate resources or promote inequities

that lead to social conflict and hence diminish the possibility for growth. When they enjoy religious freedom, private religious charities and NGOs can ameliorate these problems and alleviate poverty in a way that is more practical and efficient than government action alone. Religious charities may also serve as a more effective — if not the only effective — means of dealing with other social ills that diminish the possibility of economic development and societal flourishing (e.g. alcohol and drug abuse). Important among economically relevant social ills are those pertaining to the family. For example, in the U.S., there is significant evidence that children of single parents are far more likely to be poor than are children in married families (Haskins and Sawhill 2003).

Hunger, poverty, disease, crime, drug abuse, out of wedlock births, family breakdown, poor educational systems, and other social maladies prevent numerous societies and billions of people from flourishing. In modern times, there have been two major means of dealing with these and other social problems: private organizations or government-organized social welfare. Historically, religious organizations have been instrumental in mobilizing and delivering private charity and other goods. Nearly every major religious tradition has some commandment to help those in need, usually through some form of charitable giving to the poor (Malloch 2009). The early Christians organized medical care for the needy, and orphanages and elder care were activities managed by churches or monasteries during the Middle Ages (Stark 1996). Today, religious groups and faith-centered NGOs provide an array of social services to those in need.

The links between religious liberty and economic development are straightforward. Private religious communities compete in a "charitable market" for donations and volunteers. Sometimes they mobilize their donations and volunteers to organize social services in a way that is more efficient than other entities, such as the state, or they provide services other institutions

are unable or unwilling to provide. They also compete with secular ideas and organizations to define common moral and social norms. If greater religious liberty enhances the capacity of religious communities to organize and maintain private organizations and promote positive moral and social norms by reducing the political and social costs imposed on faith-based activity, society will benefit economically.

Furthermore, to the extent that governments are less efficient or effective in meeting all or some social needs, affording the religious sector the freedom to meet these needs can lower the burden on government finances and promote economic development and overall societal flourishing. For example, to the extent that religious communities enjoy the cultural and political freedom to promote strong and stable marriages as well as remedy social ills such as alcoholism, this kind of exercise of religious liberty can have the effect of fostering the economic well-being of families as well as overall societal flourishing (Brusco 1995, Shah and Shah 2010).

Is there significant evidence that private religious organizations often address social and economic needs that would otherwise be unmet, or that they often address them more efficiently than do non-religious institutions? The literature on religious organizations and social welfare is extensive, with the bulk of it appearing in the late 1980s and early 1990s. It demonstrates that religious charities provide an array of social services, including food banks, homeless shelters, education, emergency relief, financial assistance, and even banking services (cf. National Federation of Community Development Credit Unions 1997). Printz (1998) reports on a survey of 266 congregations in the greater Washington, D.C. area, which accounted for over 1,000 types of social services amounting to over $19 million in value.

Ample research demonstrating the magnitude and efficiency of faith-based social services can be found in Cnann, Wineburg, and Boddie (1999), Faver (1986), Johnson (2012), Mapes

(2004), Hodgkinson, et al. (1993), Jackson et al. (1997), Monsma (2004), Monsma and Soper (2006), Netting (1984), Reese (2001), and Wineburg (1993). Recently, Davis and Robinson (2012) offered a global perspective on how religious groups provide social welfare by looking at cases within four faith traditions, including the Muslim Brotherhood, the Sephardi Torah Guardians, Communion and Liberation, and the Salvation Army. Some of the literature suggests that religious NGOs sometimes address poverty, disease, and social inequality more effectively and efficiently than government entities (cf. Gugerty and Prakash 2001).

In order to demonstrate that there is a "charity/NGO pathway" linking religious freedom and economic development, however, it is not enough to demonstrate that faith-inspired charities and social services are effective. The second step is to point to evidence that religious freedom strengthens the ability of religious individuals and organizations to provide social services. That is, the less a society imposes restrictions on such activity, the more it will experience this activity and its beneficial consequences.

This claim, too, finds widespread support in the literature. For example, Stephen Monsma (2012) has argued that hiring criteria that violate the principles of conscience of religious charities can dampen their effectiveness or compel them to stop offering certain services. Restricting what services religious charities can offer and where they can offer them also potentially limits their effectiveness.

**4. The Migration Pathway:** Individuals with productive skills are attracted to regions that promote religious freedom. When they migrate, as they have throughout history and often do today, they bring human capital that is crucial for economic prosperity.

Human capital is the knowledge, training, and ingenuity that human beings possess, and

it is a key ingredient in economic development (Becker 1994 [1964]). A society can build its human capital in two ways: it can invest in education, or it can attract individuals with desirable skills from elsewhere. Religious freedom contributes to the first route by making it possible for religious communities to organize educational programs and institutions, as we noted above in the "charity/NGO pathway." But religious freedom also contributes to the second route by adding to the qualities that potential immigrants are likely to find attractive in a host country.

In other words, religious freedom can add to the incentives that draw people to one society rather than another. Such incentives may include higher living standards, greater economic opportunity, stability, and general conditions of political freedom, and the freedom to express one's religious beliefs in private and public life. To the extent that intelligent, entrepreneurial, and hard-working individuals are drawn to a society and expand its productivity by making more efficient use of its resources, they will enhance economic development and growth. This is true not only in terms of attracting migrants to settle in a territory but also in attracting merchants with whom to trade.

William Penn and other advocates of religious freedom understood this logic as far back as the 17th century. Penn appealed to the King of England to allow religious freedom in Pennsylvania on economic grounds. Around the same time, the Netherlands increasingly realized that toleration of various sects, including Huguenots fleeing France, helped to generate a boom in trade, productivity, ingenuity, and overall economic prosperity (Owen 2010). Those who uproot themselves from their traditional homes and flee to a new region are often risk-taking individuals with significant material and intellectual resources — attributes useful for innovation and entrepreneurship. When the Dutch sailed to the New World, they brought with them the realization that religious liberty, migration, and trade were interconnected. The settlement of

New Amsterdam in the American colonies was above all a commercial venture that came with it the explicit instruction that colonists not restrict the freedom of those with different faiths to practice their religion because it was understood that religious persecution would be bad for business and bad for settlement (Haefeli 2012; Smith 1973; Zwierlei 1910).

In fact, the empirical patterns underlying the best-known argument linking religion and economic development — Max Weber's "Protestant Ethic" — probably had more to do with the magnetic attraction of religious freedom than Calvinism. Based on a comparative analysis of numerous regions in early modern Europe, H. R. Trevor-Roper argued in a classic article on the Weber thesis that greater religious toleration was the core reason some Protestant regions of northern Europe surged ahead in terms of economic growth and trade. It was because of greater religious toleration that these regions were able to welcome religiously diverse merchants and entrepreneurs — Calvinist, Jewish, Lutheran, and Catholic — fleeing Catholic areas such as Spain and Flanders that had become less tolerant and more socially rigid after the Counter-Reformation. According to Trevor-Roper, what was new in this era "lay not in the entrepreneurs themselves, but in the circumstances which drove them to emigrate" (Trevor-Roper 1967).

The connection between religious liberty and immigration was re-emphasized in later centuries as the need to attract labor in the latter half of the 19th century prompted greater toleration for both Catholics and Jews. As Chiswick (2008) notes, the religious freedom provided by America provided an attractive environment for many Jewish immigrants who subsequently went on to achieve great economic success. Gill (2008) demonstrates that a number of Latin American countries began to make the connection between religious tolerance, migration, and economic commerce, including the highly trade-dependent nation of Chile (Collier 1997). While not technically dealing with cross-border immigration, Koesel (2012) has observed that Chinese

entrepreneurs are driven to opportunities affiliated with greater freedom of spiritual conscience.

In sum, the literature shows that the connection between religious liberty and economic development through the pathway of immigration is strong. Most societies that seek to be economically prosperous need skilled immigrants and brisk commerce. But the evidence suggests that societies lacking religious freedom will find it more difficult to attract either.

**5. The Bundled Flourishing Pathway:** This model posits that religious freedom intrinsically contributes to human development and societal flourishing because it directly enhances the capabilities, well-being, and overall utility of individuals.

One way that religious freedom and economic development are intertwined or "bundled" is that religious activity can be understood as a form of economic activity. Simply put, religious activity *is* economic activity, and any effort to allow for greater amounts of religious activity via fewer regulations will enhance economic growth and development. In the narrow sense of economic growth, religious activity promotes economic productivity in direct and measurable ways. Priests, imams, and pastors must be hired, offices must be stocked with paper for church bulletins, toys must be purchased for the nursery, and buildings must be built so that congregants can congregate. To the extent that a government and society permit these transactions to occur and be measured, this activity will show up in standard metrics of economic growth and development.

However, this narrow account misses a broader reality. If a government imposes heavy costs on religious activity, individuals who might otherwise have been clergy, for example, will be employed elsewhere. Likewise, the land and building materials that would have gone into church construction eventually will be allocated for some other purpose. The GDP accounting

method of measuring economic growth would be indifferent between these two uses. In a broader sense, though, an environment that allows for greater religious freedom might well allocate labor and material resources to establishing a church staffed by clergy. In so doing, it might create the possibility for a valuable exchange. A preacher provides a sermon to people who willingly give up their time and other resources (in the form of money) to hear that sermon. People may appreciate this use of resources more than yet another business enterprise. The only way to determine whether or not this is true is to find "natural experiments" to determine how resources are allocated under different regulatory regimes.

In fact, a growing body of research has examined the impact of regulation and religious market structure on religious commitment. The religious economy perspective demonstrates that when regulation of religious activity decreases, religious pluralism, competition, and participation tend to increase. This insight traces back, at least, to Adam Smith, in the often overlooked chapter on "adult education" in *The Wealth of Nations*. Iannaccone's 1991 article in *Rationality and Society* represents a more contemporary landmark study exploring the logic and providing empirical evidence of this relationship. Iannaccone shows that where religious pluralism is greater, so too is religious participation. Subsequent work has demonstrated that religious pluralism is directly related to religious freedom (Finke 1990; Stark and Iannaccone 1994; Gill 1999). While individuals such as David Voas et al. (2002) have questioned the validity of some of Iannaccone's measures, other scholars have generated similar results. Gill (1998) used quantitative and qualitative methods to demonstrate that the introduction of Protestant competition into Latin America led the Catholic Church to undertake a "new evangelization" that increased the overall level of religious participation in that particular confession (cf. Stark and Smith 2010). Even Catholic bishops and priests admitted that the

religious competition resulting from increased religious liberty in Latin America led to higher levels of church attendance and other forms of participation. Other researchers have tested this general thesis in different environments, finding that where religious liberty was high, pluralism resulted and religious activity increased (cf. Finke 1990; Finke & Stark 2005; Introvigne 2005; Yang 2006; Stark 2006).

In short, greater religious liberty generally increases religious pluralism, which in turn fosters greater religious activity. To the extent that increased religious activity is what people desire, religious freedom contributes directly to the overall economic well-being and flourishing of a society — on a broad understanding of economic well-being. Unfortunately, much of the activity that occurs in a religious community on a Friday, Saturday, or Sunday is not picked up in the narrow measures of economic growth. The clergy are paid and buildings are built, but there are other exchanges that go unmeasured, such as children being taught lessons in "Sunday School" and congregants volunteering to serve each other's needs or improve the church grounds. Some of these volunteer activities were addressed in the discussion of the "charity/NGO pathway" above. But many religious activities may contribute moral and spiritual goods and forms of fulfillment to the members of the religious congregation as well as to the community at large that transcend categories such as "charity" or "social welfare." Such goods and forms of fulfillment nonetheless meaningfully contribute to overall human development, the flourishing of individuals and communities, and subjective well-being.

Empirically, in fact, there are intriguing cross-national correlations between levels of subjective well-being and religious freedom. This is perhaps the most speculative domain, particularly since the "science" of happiness, or Subjective Well-Being (SWB) remains an inchoate field. The most authoritative study yet to appear is the "World Happiness Report"

issued in 2012 by Columbia University's Earth Institute under the authorship of several of the world's leading happiness researchers.[3] The Report's overall findings on aggregate happiness levels show that nations with the highest citizen happiness ratings are overwhelmingly those nations that respect religious liberty. Of the top 30 countries, only three — the United Arab Emirates, Saudi Arabia, and Kuwait — do not generally protect religious freedom.

According to another influential body of thought, there is an additional direct pathway linking religious freedom to human development and flourishing. According to the "capabilities" approach to human development promoted by Amartya Sen, Martha Nussbaum, and Sabina Alkire, the expansion of human capabilities to exercise choice and freedom — including on religious matters — intrinsically enhances human development and flourishing (Alkire 2002). Expanding religious liberty, therefore, directly and automatically enhances human development and societal flourishing (Nussbaum 2010). At root, this direct relationship holds because economic development is defined in this literature as the expansion of human freedom through the enhancement of basic human capabilities. In the view of the capabilities school, this wider and more nuanced "capabilities" conception of human development should supersede traditional measures of economic growth and development. Along with the religious economy perspective, this school of thought identifies another logic whereby religious freedom and liberty of conscience intrinsically enhance human freedom and human development.

In short, according to some schools of thought, religious liberty, economic development, and political freedom are inextricably intertwined because they substantially — and indeed organically — overlap. In this way of thinking, the promotion of religious freedom automatically

[3] The report is edited by John Helliwell, Richard Layard, and Jeffrey Sachs and is available at: http://www.earth.columbia.edu/sitefiles/file/Sachs%20Writing/2012/World%20Happiness%20Report.pdf.

enhances overall human freedom and well-being without any intervening pathway or mechanism, and, likewise, the reduction of religious freedom directly damages human freedom and flourishing.

**6. The Bundled Liberties Pathway:** Religious liberty in full is not achieved in a vacuum but is integrally related to other freedoms such as private property rights and freedoms of assembly and speech. The struggle for religious liberty may facilitate an environment of wider freedom that is crucial to economic growth and democratization.

Religious freedom is not an isolated liberty. For example, it is difficult for a religious group to organize and fulfill its mission in society unless it enjoys an array of civil liberties that we include in our definition of religious liberty (insofar as our definition encompasses the full range of costs that may be imposed on religious belief practice, and propagation), but which are often analyzed separately — such as freedom of speech, freedom of association, the right to own property, and equal protection under the law. To be meaningful, these civil rights, in turn, require the rule of law and an independent judiciary capable of enforcing them in a transparent, fair, and effective manner. All of these elements — rule of law, civil liberties, checks and balances on power — are hallmarks of a democratic polity. To the extent that individuals or groups with a stake in religious freedom fight for these wider freedoms, progress toward democracy may follow. Furthermore, to the extent that democratization enhances the prospects for economic growth, the struggle for religious freedom may foster economic prosperity. The impressive statistical correlations Brian Grim and Roger Finke have identified indeed suggest a strong cross-national relationship between religious freedom, numerous political freedoms, and various indices of economic and human development (2011).

As noted in our discussion of the "charity/NGO pathway," the literature suggests that the bundled liberties pathway consists of two distinct steps. One step concerns the relationship between religious liberty, political freedom, and democracy. Proponents of religious liberty have a vested interest in securing a wide array of civil liberties. For example, the success of a religious denomination in a reasonably open religious market requires that it enjoy the freedom to champion its message to a wide audience. The right of assembly combined with private property rights will enable a religious group to build a regular meeting place. Indeed, Gill (2010) argues that one of the greatest threats to religious liberty in America today is not so much whether a Nativity scene can be displayed on the city hall lawn, but rather zoning and other property regulations that determine whether congregants can regularly gather in a particular location. Robert Woodberry (2012) places this issue in broad global and historical perspective. His seminal article points out that "conversionary Protestants" not only provided many of the skills necessary for increased economic productivity (e.g., literacy), but pressed for a wide range of civil liberties including the abolition of slavery and increased human rights. The upshot of his article is that "conversionary Protestants" were critical in laying the foundations for democracy in numerous countries in Asia, Africa, and Latin America (see also Woodberry and Shah 2004).

Another step is to connect the presence of liberal democracy, the rule of law, and/or civil liberties to economic development. The literature on this relationship is voluminous. Some of the literature focuses on one of the central questions of economic history: Why did Western Europe witness an explosion in economic growth and improved living standards after 1600? While many reasons have been proposed for this "great divergence," including geographic and technological factors, there is growing agreement that political freedom and economic growth are closely interrelated, especially in the long run (Kuran 2010, 2012). To the extent that the development of

democratic institutions such as the rule of law, civil liberties, and the respect for private property rights represent "political development," the connection between religious liberty and political development is important here as well. Olson (1993) makes a cogent argument that the rule of law and basic civil liberties, which are required to provide opposition leaders a "stake in the electoral system" within democracies, also provides investors with long-term confidence that their property rights will be respected. This, in turn, allows for more entrepreneurial risk taking and economic growth. A short list of relevant readings in this vein include Vorhies and Glahe (1987); Barro (1997); Chan (2002); Sen (1999); Acemoglu and Robinson (2012); de Soto (2002 [1989]); Olson (1993 and 1996); and Stark (2005).

In short, the literature suggests that the pathway of "bundled liberties" represents a compelling set of connections between religious liberty, democracy, and economic growth. Just as Olson (1993) argued that the political liberties needed to guarantee democracy are the same freedoms necessary to sustain economic growth in the long run, religious freedom is naturally intertwined with an array of liberties that promote stable democracy and economic prosperity.

**7. The Networks Pathway:** The freedom of religious groups encourages the formation of independent associations, networks, and social capital, which contributes to economic activity, an engaged citizenry, and autonomous organizations that can check the state and promote freedom.

In terms of political freedom and democracy, the freedom of religious association contributes to social capital and a higher density of groups in civil society, which reinforces both the functioning of democratic institutions and their legitimacy. Freely operating religious communities also often draw otherwise disenfranchised or voiceless groups into the political

process, making the political system more inclusive and responsive. As Verba, Schlozman, and Brady showed, involvement in certain kinds of churches plays a crucial role in giving Americans of low socio-economic status a sense of political efficacy and a strong impetus to civic participation (1995). Furthermore, religious individuals and communities operating freely in civil society limit the powers of government. Conversely, restrictions on freedom of religious association atomize and weaken civil society, leave state power unchecked, and weaken political legitimacy.

There is abundant historical and contemporary evidence that the freedom of religious communities to operate independently of civil authority gives them the capacity to challenge regimes that are lacking in freedom and to serve as the "leading edge" of historical change that brings about liberal democracy. Looking at the historical long haul, one could argue that the Church's demand for its institutional and associational autonomy — i.e., its freedom — under the Roman Empire created an independent sphere of civil society that paved the way for the separation of powers and for government authority to be accountable to a higher law, both essential features to modern liberal democracy (Garnett 2010). The emergence of religious freedom in Christian circles following the religious wars, especially in England and America, can also be seen as the "leading edge" of progress towards democratization that followed — in England in the 1688 Glorious Revolution and in the American Revolution, culminating in the Constitution of 1789. Following Emile Perreau-Saussine, the French Catholic Church's assertion of autonomy vis-à-vis the pope and its influence in creating a differentiated civil authority helped to further the evolution of a separation of powers (Perreau-Saussine 2012). Finally, in the third wave of democratization, religious actors who enjoyed a modicum of religious freedom under dictators and demanded expanded religious freedom were often pivotal in bringing down

dictatorships and ushering in democracies (Philpott 2004, 2007).

In other words, there is evidence that beachheads of religious freedom and diversity laid the foundations for the development of other fundamental freedoms at a later point in time. And the key mechanism whereby this often occurs is through the formation of autonomous and sustainable religious networks and associations. As several different strands of research have suggested, there have been cases in which the autonomy, independence, and freedom of religious institutions at one point in time proved a beachhead from which these religious institutions successfully advocated for an expansion of other freedoms at a later point in time. Philpott and Shah (2006) and Toft, Philpott, and Shah (2011) analyze numerous Western and non-Western cases that suggest that where religious actors enjoy at least some institutional independence from political authorities and to that extent some measure of institutional religious freedom, these religious actors are more able and willing to undertake pro-democracy activism and work for wider fundamental political and economic freedoms in their national contexts, as well as political reconciliation, making the consolidation of stable democracy more likely.

In terms of economic development, the presence of vibrant religious communities in economic and civic life can limit the expansion of government and guard economic freedom. The freedom of religious association contributes to social capital in terms of social networks and social trust, which can facilitate economic exchange and reduce corruption, and, in turn, promote economic growth.

**8. The Stability Pathway:** There is considerable evidence in the literature that religious liberty limits the formation and spread of violent religion-related extremism and terrorism and retards social strife and political instability. Conversely, restrictions on religious freedom often foment

violent extremism, terrorism, social conflict, and full-scale civil wars. It is clear that a politically stable environment is an essential precondition of economic investment and development as well as political freedom. Thus, religious freedom lays the groundwork for economic prosperity and democracy through the distinct pathway of social and political stability.

In a two-year study process, for example, Georgetown University's Religious Freedom Project gathered numerous social scientists and policy experts and analyzed the existing literature to explore the complex relationship between religious freedom, violent religious extremism, and political stability. The result was an unprecedented *Sourcebook* that included ten in-depth case studies accompanied by a select annotated bibliography of scholarly works, a listing of useful data sets, suggestions for further reading, and a bibliography of sources cited (Henne, Hudgins, and Shah 2012).

The evidence adduced in the RFP *Sourcebook* suggests that limits on religious freedom often encourage extremist violence and political instability, and, conversely, that robust religious freedom discourages violence, militancy, and social and political strife. The evidence we found also demonstrates that this dynamic is not restricted to Muslim-majority countries. Consider Sri Lanka, where close ties between official Sinhalese nationalism and Buddhist institutions and beliefs have contributed to long-standing conflict between the mostly Buddhist Sinhalese majority and the mostly Hindu Tamil minority (Little 1994). Furthermore, we found that the mechanisms whereby religious repression fosters violence and instability are numerous. The repression that accompanies restrictions on religious freedom tends to radicalize religious communities. Furthermore, state actions such as criminal prosecutions for blasphemy, media censorship, detention of religious activists, and tacit support for civilian violence can undermine the power of religious moderates, radicalize some religious elements, and increase the appeal of

those advocating violent means of struggle against the state.

The RFP *Sourcebook* draws attention to numerous specific findings in the literature. For example, a September 2012 report by the Pew Research Center's Forum on Religion & Public Life found that government policies restricting religion and religious freedom are strongly related to the incidence of social hostilities involving religion and violent religious extremism (Pew Forum 2012). Government policies or actions that clearly favor one religion over others are strongly associated with social hostilities involving religion. The average level of social hostilities among the countries with very high levels of government favoritism towards one religion over others is more than three times higher than that among countries with low levels of government favoritism. In addition, societies whose governments place limits on religious conversion and proselytization, intimidate and ban religious groups, or do not intervene to stop discrimination experience significantly higher average levels of social hostilities than other societies.

In a deeper analysis of the underlying causal linkages, sociologists of religion Brian Grim and Roger Finke (2011) contend that government religious restrictions and religious violence are connected in a fundamental way. "[T]o the extent that a religious group achieves a monopoly and holds access to the temporal power and privileges of the state," they argue, "the ever-present temptation is to persecute religious competitors openly" (2011: 70). In other words, once a government enjoys the authority to enforce a religious monopoly, no limiting principle prevents the government or social groups from using a variety of coercive pressures — including violence — to defend and strengthen the monopoly. They further argue that this leads to a vicious cycle wherein government restrictions beget religious conflict, which in turn provokes further restrictions, resulting in even wider violence, strife, and political instability.

Other studies demonstrate further connections between government restrictions and violence. Political scientists Johanna Birnir, Nil Satana, and Molly Inman studied countries in which religious minority groups are excluded from political participation (Birnir, Satana, and Inman 2013). They found that factions of an excluded religious group are more likely to carry out terrorist attacks when the group's members belong to a different religion than the majority. In other words, when political restrictions prevent a minority religious group from expressing itself in the normal political process, the result is more likely to be violent than if the group were permitted access to political life. Similarly, research by Monica Toft indicates that government restrictions on religious freedom sometimes result not only in sectarian rioting but also in civil wars that engulf whole societies. Toft has shown that large-scale religious civil wars most often result when at least one party to the conflict holds an "integrationist" political theology that insists on a strong fusion of religious and political authority — i.e. robust government favoritism towards one religion over others. Notably, these types of civil wars tend to last longer and are less amenable to negotiated settlement than other types of civil wars (Toft 2007). In addition, Toft, Philpott, and Shah show that religious groups with illiberal political theologies are more likely to turn to violence and terrorism in situations of "conflictual integrationism," or severe state restrictions on religion (Toft, Philpott, and Shah 2011).

Likewise, expanded religious freedom can serve to minimize or prevent the mobilization of violent religious extremism and resulting political instability. For example, religious freedom may reduce the ability of a favored religious group to maintain a coercive monopoly over society, thus making it less likely that disfavored religious groups will react with campaigns of extremist violence. To the extent that religious freedom contributes to the development of civil society and social capital, it can limit the powers of the state itself and involve religious

communities in the ameliorative social, economic, intellectual, and political processes of democratic competition. An open public sphere may allow for a plurality of religious perspectives, limiting the ability of religious extremists to monopolize religious orthodoxy and dominate debate (Toft, Philpott, and Shah 2011).

Consider one of the cases explored in the Religious Freedom Project's *Sourcebook:* Senegal. Senegal is a majority-Muslim country, but with a significant Christian population. It is officially secular and the state has worked closely with the influential Sufi brotherhoods throughout the country's history. Many religious groups are active in the country's politics. Each is permitted to express its views and compete with others within a relatively democratic system. Partly as a consequence, violent extremist movements have not taken hold. Although a separatist movement remains active in the majority-Christian region, it has not generated major religious conflict, extremism, or civil war. Notably, similar conditions have generated severe violence and conflict in countries (such as Sudan and Nigeria) with lower levels of religious freedom. The result is a Muslim-majority country that is among the most democratic in Africa, as well as one that is attractive to foreign investment and on a solid economic footing relative to its comparably situated neighbors.

In other words, when governments and societies refrain from engaging in religious persecution or privileging any particular religious tradition, the result is often a proliferation of interpretations and practices by religious groups. And because of this pluralism, elites have less incentive to appeal to religious division or extremism to gain political support. The mere existence of an accepted diversity of religious groups can make it difficult if not impossible for any one group to dominate society as a whole. Moreover, this can lead to a "marketplace of ideas," in which extremist groups must operate alongside numerous religious competitors. Even

though there may be some groups that espouse or even practice violent extremism in religiously free societies, in a context of pluralism such groups will typically face intense challenge and criticism from other groups.

In short, the evidence points to an array of negative and positive connections between religious freedom and political strife and instability. Negatively, the absence or lack of religious freedom may encourage the origin and spread of violent religious extremism and political conflict. Positively, the presence of religious freedom may moderate, contain, counteract, or prevent the origin and spread of violent religious extremism and political conflict. Religious freedom, therefore, helps societies avoid those dangerous conditions that destroy the prospects of economic development and democratization, and foster those conditions of stability that make them possible.

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