

RELIGIOUS LIBERTY AND ECONOMIC PROSPERITY: FOUR LESSONS FROM THE PAST

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Many political scientists and economists have argued that expanded civil liberties and general political freedom are conducive to economic growth (e.g., Smith [1776] 1976; North, Wallis, and Weingast 2009). One subset of these civil liberties—religious freedom—is frequently neglected in such discussions, with scholars tending to focus on the rights of private property ownership, contracting, assembly, and access to political decisionmaking. Religious liberty is often seen as an isolated freedom that directly impacts parishioners and clerics but has little spillover effects on the general economy or society. But can the right to worship freely also have positive consequences for economic growth? A casual glance suggests nations that have developed strong legal guarantees of religious freedom (and a concomitant culture of religious toleration) are also ones that have had long-term sustained economic growth (Grim and Finke 2011).

Within the modern world, the Netherlands, Britain, and the United States were the first adopters of toleration and liberties for religious minorities, and these countries also became the loci of rapid

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growth in entrepreneurial activity in the 17th century and beyond, not to mention some of the first societies to set the modern standards for constitutional democracies.

Might there be a causal connection between religious freedom, on the one hand, and societal prosperity, on the other? If so, what are the precise mechanisms linking the two? We take a historical approach to this puzzle and a set of related questions. Namely, if religious freedom has remained historically elusive, how did it ever originate? Can the experience of the past inform us about the process to achieve expanded civil liberties in the area of religious belief and practice today? Answers to these questions will enable us to fill out our understanding of civil and economic liberties and the complex relationship between general freedom and economic prosperity.

Our examination of these issues takes us back to the 17th and 18th century, with the first emergence of religious freedom in the modern era in the Netherlands, Britain, and British American colonies, eventually culminating in the First Amendment of the United States Constitution—not a be-all-and-end-all of religious freedom but certainly an important historical marker. We assert that history is a salutary teacher and that current struggles for enhanced democratic freedoms can learn from the processes of the past. Furthermore, we argue that the emergence of religious toleration coincided with, and is causally related to, the growth in prosperity that was witnessed in these nations during the same period. While not asserting that a respect for religious freedom is the only reason for increased economic prosperity, we do consider it an important catalyst that should be taken seriously in contemporary policy debates. Understanding that the promotion of a core set of civil liberties—namely, the rights of religious conscience and practice—are linked to material prosperity helps us understand the more holistic nature of social flourishing, both economic and political. We make our case by laying out the generally understood causes for economic growth and illustrate it with four historical lessons.

Conditions for Economic Growth: Institutional and Ideational

Economic historians have long noted that the conditions giving rise to the Industrial Revolution of the 1800s began in Northwest Europe several centuries earlier (North and Thomas 1976, Weber

[1930] 2001). This region began witnessing a steady increase in economic productivity and living standards in the late medieval period that set it apart from other civilizations around the globe (Kuran 2011). Given the seemingly endogenous relationship between economic growth and political liberalization (North, Wallis, and Weingast 2009), it behooves us to examine some of the basic factors promoting the relationship between prosperity and democratization. Writing on the cusp of the Industrial Revolution, Adam Smith was well-placed to observe what was giving rise to an increasingly obvious change in European economy and society. Though his *Inquiry into the Nature and Causes of the Wealth of Nations* is long, his basic idea is very simple: wealth arises from the reciprocal relationship between the division of labor (i.e., specialization) and expanded trade (Smith [1776] 1976: 25–27). Specialization allows one to become more efficient at producing goods and services, while trade allows people to specialize in one thing while still having their needs and desires met by the production of others. Anything that inhibits the ability to trade decreases the benefits of specialization and, thus, retards long-term economic growth. Trade being critical here, the next logical question is: What lowers barriers to trade, both domestic and international?¹

The factors contributing to increased trade and concomitant economic production have been numerous, with most explanations centering on secular concerns. Popular among a new breed of political economists have been political institutions that establish a predictable set of property rights that allow producers to capture the fruits of their production (North 1990, Olson 1993, Weingast 1995).² To the extent that the rapacious hands of political rulers are limited by checks upon concentrated power and constitutional guarantees of civil liberties, individual entrepreneurs will have an incentive to invest in long-term projects that increase efficiency and promote

¹It is common to assume that we are talking about cross-national trade when mentioning “barriers to trade.” However, trade occurs among at least two individuals irrespective of nationality and things such as local zoning laws can play an important role in limiting or encouraging mutual exchange.

²The institutional literature on economic growth is too expansive to do justice to here. Our main point is that economists have mostly focused on secular rules of governance to explain economic growth, relegating concerns over religious issues to the sidelines.

expanded specialization and trade. The secular ruler benefits from such an arrangement by being able to tax an expanding economic pie. Finding a balance that allows rulers to maximize their tax revenue without damaging the incentive of private entrepreneurs to expand production is at the crux of economic growth for these theories. To the extent that government leaders understand that any barriers to trade negatively affect their ability to increase tax revenue over the long term, private actors will be able to leverage greater freedom of operation for themselves. Such freedoms may be specifically related to physical manufacturing and commerce but may also extend to other important matters such as the ability to worship freely, as we will argue below.

More recently, economists have revived the notion that culture and ideas serve to reduce impediments to free exchange and efficient production (McCloskey 2006, Mokyr 2009). The insights here are that the intellectual conditions of the Enlightenment provided for a greater free flow of ideas, which in turn prompted innovation and reduced the stigma attached to various entrepreneurial behaviors. It was no coincidence that rapid industrial growth followed on the heels of philosophical ideals of greater toleration, limited government, and the virtues of thrift. Stark (2005) and Aquilina and Papandrea (2015) take this argument deeper historically by noting that it was Christianity, and not just a Calvinistic ethic *per se* (à la Weber), that promoted egalitarian ideals and civil rights that eventually blossomed into historically unparalleled prosperity.

It is into this debate that we insert our contention that the desire of individuals to practice their faith freely, and the willingness of governments to allow such liberty, enhanced long-term economic development. Religious liberty is not the only factor responsible for economic growth, but it is an important ingredient that makes the economic pie larger—and all the more sweet. The idea that individuals holding different beliefs should be tolerated in society, and the incentive of these individuals to promote institutions that allow them to organize and worship freely, contribute greatly to an environment that promotes a wide variety of civil liberties that concurrently facilitate a number of secular relationships, which in turn promote greater interaction (trade) among people. In short, religious liberty is a catalyst for the freedoms that constitute democratic civil society and promote prosperity over the long haul.

Four Lessons from an Enlightened Time and Place

Our empirical journey to look for places where religious liberty may have had an impact on economic development and democratization takes us back to Northwest Europe in the 17th and 18th centuries, specifically to the Netherlands and England (and by extension the British American colonies). It was here that we see the beginnings of modern democratic governance, the rise of a liberal commercial culture, and the first steps toward industrialization. It was also a period of increasing religious pluralism and scholarly innovation, with the likes of Locke, Hobbes, and Smith laying the intellectual bedrock for liberal societies. While it may be that such cultural changes were coincidental to economic growth, exploring the potential causal linkages is worthwhile. And if this relationship held true four centuries ago, there is reason to think it holds true today. To that end, we offer four lessons from the historical experiences of the Netherlands, Britain, and the British American colonies.

Lesson 1: Religious Freedom Promotes Diversity, Security, and Prosperity

Freedom of religion was pioneered slowly by religious people who accepted the inevitable permanence of religious diversity and strongly desired a cohesive, secure, and prosperous society.

Religious pluralism is an essential ingredient to religious liberty. If all individuals within a society shared the same beliefs and set of worship practices, there would be little, if any, need to ensure the rights of religious dissenters; they simply would not exist! Looking at cultures writ large, we may be tempted to think that religious homogeneity is a defining feature of a culture, but upon closer inspection, there is a great deal of diversity that can be discerned. Stark (2003) argues that monotheism is inherently schismatic as there will invariably be differing interpretations of the “one true God” and various forms of worship styles that appeal to different groups in society (Owen 2015: 46–66). Even prior to the Protestant Reformation, Christianity was bursting at the seams with various theological flavors ranging from Franciscan monasteries to wandering Waldensians to the pre-Reformation reformers John Wycliffe and Jan Hus. While some reformist monastic orders were given freedom in certain areas, there were simultaneous attempts to suppress other movements—such as those instigated by Jan Hus, who paid for his

dissent with his life. This came to a head in 1517 with Martin Luther leading a definitive break from the dominant church of the day, followed shortly thereafter by John Calvin and others. Protestantism, as the alternative to Catholicism became known, created a fissiparous system of ongoing schisms and religious minorities. Not surprisingly, religious dissent brought about conflict, as witnessed by the Thirty Years War (1618–48) and the English Civil War (1642–51). But too much war prompted many intellectuals and diplomats to understand the futility in such conflict and promote a “balance of power” tolerance that would avoid the economic devastation of perpetual war (Philpott 2001).

Consider the Dutch Republic. While not inherently blessed with natural mineral wealth, the residents of the Low Countries became known for their enterprise throughout the late medieval period by exploiting the Rhine and Ems rivers to begin developing a comparative advantage in commerce. But they were hampered at sea by their swampy coastline until Dutch farmers began to move into the marshy areas and develop dikes to keep the water out. This technological innovation yielded two important results. First, the large areas of new land lacked feudal titles, and so Dutch peasants became the freest in Europe, able to capture a greater portion of the profits from their own labor. Second, the new land enabled the Dutch to expand their comparative advantage in commerce by dominating maritime trade in the North and Baltic seas (Maddison 2001: 77–80). The Dutch, from the lowliest peasant to the highest noble, learned that their prosperity hinged upon keeping the barriers to trade low.

Although technology allowed them to conquer geographic barriers to trade, another obstacle remained—religious differences. When the Protestant Reformation swept Europe in the 1510s, the Netherlands were ruled by the Habsburgs, who also controlled Spain and most of Central Europe, regarding themselves as guardians of Catholic fidelity. Calvinism spread into the Netherlands rapidly in the 1550s, creating a clear religious split that threatened to divide the nation beyond its already variegated ethnicities. Philip II of Spain not-so-kindly responded to Protestant advances with an Inquisition. In 1566, the Dutch incited an 80-year revolt against Habsburg rule with both Catholics and Protestants finding cause in independence. However, in an effort to keep Catholics from defecting to the Habsburgs, Calvinists had to send a credible signal that their right to worship would be protected. Likewise, Protestants wanted assurances that

Catholic hegemony would not be reasserted after victory. The result was the Union of Utrecht (1579), which functioned as an informal constitution and included a provision stating that each Dutch province could regulate religious matters as it saw fit, that there would be no official establishment of religion, and that persecution based upon religious belief would be prohibited (Haefeli 2012: 20–21). Two features of this pact stand out: first, a presumption of provincial rather than national control regarding religion—analogueous to federalism, and essential in a land with seven distinct provinces; and second, a proviso prohibiting religious persecution. These provisions, which help to keep a diverse nation unified against a common enemy, would be echoed two centuries later in the U.S. Constitution.

The emergence of religious toleration took many decades, however. A number of Dutch thinkers followed the great humanist Erasmus of Rotterdam (1466–1536) in arguing for liberty concerning nonessential doctrines, and noted that Habsburg religious repression was one reason why the Dutch fought for independence (Witte 2007: 171–73). Others disagreed strongly (Mout 1997: 39). In most provinces, Calvinists made up at most one-quarter of the population, but they were the best organized and most disciplined group and spent the next four decades gaining political predominance, with the approval of state authorities (Israel 1997: 3–4). In the early decades, where Calvinists were in power, they prohibited Catholic worship. At the same time, in some cities in the state of Holland (the largest Dutch state), civil authorities began to defy the Reformed clergy by allowing Lutherans to have small churches. In 1612, the Jews of Amsterdam began building a large synagogue, but that crossed a line: pressured by the clergy, the city halted construction. In the meantime, Catholics conducted worship in large houses but could not construct church buildings (Israel 1997: 8–9). The Union of Utrecht may have codified religious toleration, but the virtue of real toleration still needed to be intellectually absorbed in the culture.

A traumatic split within the Reformed church itself helped to convince more and more Dutch citizens that toleration was key to peace and prosperity. The Arminians or Remonstrants rejected certain Calvinist doctrines and attracted many followers. The Synod of Dordrecht (1618–19) defeated the Remonstrants, entrenching the orthodox Reformed as the established, state-subsidized church. But in contrast to the Anglican settlement in England, the Dutch state did not control the church and Dutch citizens were not required to

join it (Mout 1997: 41–43). An entire category of believer emerged: the *liefhebber* (sympathizer or, literally, “lover”), who attended Reformed services but eschewed membership (Kooi 2002: 32–33). And in the cities of Holland, magistrates allowed more and more Lutherans, Arminians, and even Jews and Catholics, to hold services and construct houses of worship. Amsterdam, Rotterdam, and other major cities were developing a strong burgher class of shopkeepers, professionals, teachers, artisans, merchants, and bankers. Wealthy burgher families took to paying city officials to leave them alone to practice their religion (Haefeli 2012: 55). Included in the bargain was that minority communities would look after their own poor and sick, and not draw on the public coffers (Kooi 2002: 40–43). A symbiotic relationship took hold between city officials and religious minorities, with the benefits being realized in bustling trade. However, there was variation in the tolerance observed, and one particular case proves this lesson in the obverse. “Lacking Amsterdam’s dependence on international trade, Leiden was much less hospitable to both Jews and Lutherans and generally a strong supporter of the power of the Dutch Reformed Church and Calvinism” (Haefeli 2012: 77). Eventually, though, the entire political economy of Holland’s cities came to reap the benefits of toleration. As Joke Spaans writes, “Tolerance was after all conducive to the trade interests of the merchant elite that ruled the cities and eventually the state itself” (Spaans 2002: 78).

As many scholars have argued, the Netherlands served as the birthplace for modern notions of religious liberty. The necessity for several regional ethnic groups to band together for commerce initially set the table. The burgeoning of religious pluralism fostered by the Protestant Reformation threatened to tear the fragile unity of the Low Countries apart, which would have likely led to defeat of their rebellion against the Habsburgs. Moreover, domestic conflict amongst different confessions threatened a civil war that would destroy the advantage in peaceful trade the Dutch had built over time. Slowly, a social consensus evolved around a “live and let live” attitude that allowed individuals of different faiths to interact with one another and capture the gains from trade, making the Netherlands one of the great commercial empires of the time. This lesson was not lost upon other observers who realized that the Netherlands was a nice place to set down roots and build a business (especially if one was fleeing from religious persecution elsewhere),

and even if one did not plan to reside amongst the Dutch, it was nonetheless a safe haven to trade with others without fear of being persecuted for dissenting spiritual beliefs. England, having experienced its own religious turmoil during a bloody civil war, picked up the ideas of the Dutch (not to mention a king) during their Glorious Revolution, a matter we lay out below. This leads us neatly to our next two historical lessons: religious liberty attracts entrepreneurial individuals and fosters peaceful trade amongst strangers who may not necessarily think alike.

Lesson 2: Religious Freedom Attracts Entrepreneurs Who Foster Economic Growth

Freedom of religion attracts creative, risk-taking, pioneering, entrepreneurial individuals and groups who increase the rate of economic growth.

Economies need people: people to produce, people to consume, and people to innovate (a key engine of economic growth). As Adam Smith noted,³ and the experience with import-substitution policies of the mid-20th century proved, autarkic societies do not grow over the long term. Countries and territories that encourage entrepreneurial individuals to settle, manufacture, truck, and barter will thrive over time.⁴ This lesson also runs in reverse: societies that enact policies odious to the most entrepreneurial will see these individuals flee and witness a corresponding lag in productivity.

Nowhere was this lesson clearer than in France's religious history. Beset with bloody religious conflict following the Protestant Reformation, France's King Henry IV decreed the Edict of Nantes in 1598, giving French Protestants (Huguenots) a tolerated freedom to practice their "dissenting" faith. As Armstrong (2004: 11–12) notes, this decree recognized that "outright violence would only devastate the king's forces and *the French economy*" and that "Catholics were willing to endure the presence of Protestants for the sake of peace" (emphasis added). An uneasy religious truce endured and

³Smith's argument to this effect is threaded throughout *The Wealth of Nations*, including in an often-overlooked history of the European economy in Book III.

⁴The reference to "truck and barter" is a hat tip to Adam Smith, who noted the innate tendency of all individuals to "wheel and deal" (Smith [1776] 1976: 25).

France grew until roughly a century later when Catholics began reasserting their cultural authority. King Louis XIV revoked the decree in 1685, resulting in an increased wave of persecution against the Huguenots. The French Calvinists fled in the hundreds of thousands to neighboring countries including England and the Netherlands, where they helped boost the economy (Scoville 1952). Not surprisingly, it was the most industrious and wealthy who were able to exit France and put down roots elsewhere, the type of people that governments love to attract. The Netherlands also offered refuge to Jews who were fleeing persecution in Portugal at the time and “brought valuable trade connections and knowledge to Amsterdam just as the Dutch began expanding their trade networks overseas” (Haefeli 2012: 111).

One area of Dutch expansion was North America, where they developed an outpost on a small island they would call New Amsterdam. With the home country bustling, it was difficult to attract settlers to migrate to the rugged Americas, a situation that eventually led the colony to be taken over by the British, who named it New York. However, before this happened, the directors of the Dutch West India Company issued a direct order to respect different religions so as not to chase people away and destroy any hopes of economic fortune. In response to a reluctance to trade with a Quaker merchant, they wrote: “We heartily desire that these and other sectarians remained away from there, yet as they do not, we doubt very much, whether we can proceed against them rigorously without diminishing the population and stopping immigration, which must be favored at so tender stage of the country’s existence” (cited in Smith 1973: 230).

The English were quick to understand the importance of religious freedom for the construction of prosperous colonies. None other than the great champion of early American religious freedom, William Penn, advertised for colonists to come to Pennsylvania based upon an explicit appeal to religious freedom (Sweet 1935: 50). And in the Carolinas, the famed American religious historian Perry Miller argued that “the [religious] uniformity for which the noble proprietors hoped was impossible, unless they were prepared to expel nine-tenths of their settlers. So religious principle gave way to economic interest; practical toleration became the rule” (Miller 1935: 60). Ironically, the lesson that would be learned by the French after revoking the Edict of Nantes and chasing away valuable Protestant

merchants would prove to be helpful in building the Virginia colony. While persecution of religious dissenters in the early 17th century pushed Puritans to flee and settle New England, the English Civil War (1642–51) turned the tables and Puritan persecution of High Church Anglicans pushed between 40,000 and 50,000 English to Virginia between 1645 and 1670 (Fischer 1989: 207–29). These settlers built the colony into North America’s most populous and prosperous by the time of American Independence. As all the British American colonies grew, it was difficult to suppress the denominational pluralism resulting from de facto policies of toleration. Migrants, particularly the risk-taking entrepreneurial types, are a necessary component of economic growth. As diverse people learned to live in harmony with one another, toleration eventually became constitutionally enshrined religious liberty (Gill 2008).

Lesson 3: Religious Freedom Fosters a Commercial Society

Religious toleration and liberty encourage trade and commerce by decreasing a cultural barrier to trade, thereby enriching the coffers of the king.

Gaining entrepreneurial immigrants is an important aspect of building a prosperous economy, but fostering trade with those who wish to remain in foreign lands and occasionally visit yours is equally important, as Adam Smith reminded us. The efficiency of specialization and comparative advantage hinges on the ability to develop a wide trade network. Foreclosing commercial interactions with individuals with whom you have spiritual disagreements simply shuts a country off from the wealth of others—people who would buy your nation’s products and could offer desirable things in return. If foreign traders are concerned with being imprisoned or disproportionately taxed for adhering to a different faith, they are much less likely to come to your shores. As noted above, the Netherlands thrived because of its people’s ability to trade with people of other nations, irrespective of their religious beliefs. Indeed, free trade was the “product” in which the Dutch realized their greatest comparative advantage.

The lesson that religious toleration and liberty fostered trade was also clearly apparent in the British American colonies. Historians of colonial America have realized this: “Trade tended to distract colonies from their absorbing preoccupation with an exclusiveness in the matter of religion and encouraged their thinking relatively less of

the Church and more of the State and of commerce. The colonists began, in turn, to see the enormous advantage commerce would derive from liberty” (Stokes and Pfeffer 1964: 29). A case in point was colonial Boston under the control of a fairly strict Congregationalist-based government. Although the Massachusetts Bay Colony Puritans were rather restrictive of dissenting sects (e.g., Quakers) and, early on, forced them to pay mandatory tithes and even incarcerated some of them, the policy toward merchants in Boston was much more liberal. As early as the 1650s, visiting merchants and their settled representatives in that port city were exempted from mandatory tithing to the Congregational church (McLoughlin 1971: 118). Such a mandatory tax would have represented a “spiritual tariff,” and the governors of that colonial outpost understood that such taxes would only divert trade to other more favorable locations. These exemptions were extended within the colonies as well, with a potential trade war between Rhode Island and the other New England colonies being averted when it was agreed that Quakers should not be detained in their travels between Pennsylvania and Providence solely for religious reasons (Curry 1986: 22–23).

Pennsylvania once again played a major role in fostering American religious liberty. Its founder, William Penn, was an intellectual who understood both the inherent benefit of religious tolerance and its instrumental value in achieving wealth for all. While successfully advocating for greater freedoms for all confessions in the colony, he explicitly made appeals to trade and economic growth:

But as [religious persecution] has many Arguments for it, that are drawn from the Advantages that have and would come to the Publick by it, so there are divers Mischiefs that must unavoidably follow the Persecution of Dissenters, that may reasonably dissuade from such Severity. For they must either be ruined, fly, or conform; and perhaps the last is not the Safest. If they are Ruin'd in their Estates and their Persons Imprisoned, modestly compute, a Fourth of the Trade and Manufactory of the Kingdom sinks; and those that have helped to maintain the Poor, must come upon the Poor's Book for Maintenance [Penn 2002: 317].

It was quite obvious to Penn that killing and incarcerating people who want to trade goods with you is a bad way to foster commerce. Yet Penn's genius rested not only upon this argument, but also in

connecting it with the wealth of the English crown, which he had hoped would enforce laws of toleration:

Consider Peace, Plenty, and Safety, the three great Inducements to any Country to Honour the Prince, and Love the Government, as well as the best Allurements to Foreigners to trade with it and transport themselves to it, are utterly lost by such [persecution]. . . . Men of Virtue, good Contrivance, Great Industry; whose Labours, not only keep the Parishes from the Trouble and Charge of maintaining them and theirs, but help to maintain the Poor, are great contributors to the King's Revenue by their Traffick [Penn 2002: 58].

If you want the king to enforce freedoms you desire, convince him it is good for his treasury. Samuel Davies, an itinerant Presbyterian preacher who would one day be the president of Princeton University, would make a similar appeal for religious freedom by petitioning none other than the Lords of Trade in New Jersey arguing “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” (quoted in Isaac 1973: 27). While religious toleration does foster economic growth by lowering the barriers to trade among people of different denominations and providing a safe haven for entrepreneurs of minority faiths, we do recognize the endogeneity in the relationship; success with trading amongst individuals of different religions will further encourage greater toleration as it becomes apparent to others that incivility toward minorities is not worth the loss of wealth due to sectarian conflict.

The insight that intolerance toward people of other faiths would dampen their desire to interact with you seems rather obvious. Nonetheless, theological preferences run deep and are held innately valuable by many persons, a fact that social scientists should not underestimate. Restrictions on religious belief and practice have not been uncommon throughout history and have served as barriers to immigration and commerce. The need of William Penn, Samuel Davies, the burghers of the Netherlands, and others⁵ to argue that

⁵Gill (2008) provides a number of other instances where religious liberty was linked positively to immigration and trade in Europe and the colonial Americas, as well as Latin America and the Baltics.

religious freedom can be conducive to social peace and economic prosperity demonstrates that the connection is not obvious, and needs to be argued throughout time. Fortunately, manifest success can breed more success, which brings us to our fourth and final lesson.

Lesson 4: Religious Freedom Tends to Spread

Once entrenched in one country, religious freedom tends to spread to neighboring countries.

Social scientists have noted that ideas and policies often diffuse across countries (Simmons and Elkins 2005). These scholars have come up with various mechanisms by which institutions and practices spread (Cederman and Gleditsch 2004, Gleditsch and Ward 2006). Diffusion can be propelled by the states with the new ideas—as when a state promotes its institutions in other countries (Owen 2010, Boix 2011). Recipient states can be attracted to the ideas and policies of their neighbors, particularly if those neighbors are successful (secure, powerful, or wealthy); scholars term this a “demonstration effect.” Recipients also can feel pressure (“externalities”) to imitate the policies of successful neighboring states; for example, a large economy that practices free trade gives incentives to its neighbors to emphasize exports over imports.

Religious freedom spread from the early modern Dutch Republic to other polities in Europe and across the Atlantic by all three mechanisms: economic pressure, demonstration effects, and even imposition. The 17th century was known as the Netherland’s Golden Century, in which the Dutch Republic defied widely held prophecies of its doom and not only remained independent from Spain but also became Europe’s largest economy and greatest trader, with the biggest merchant fleet and imperial holdings in the Americas, Africa, and Asia. The Netherlands’ neighbors were threatened and perplexed by its successes. Some responded with war: England and the Dutch Republic fought three wars over trade routes and colonies (1652–54, 1665–67, and 1672–74), and France tried out-and-out conquest (1672–78). Notwithstanding their geographical exposure and relatively small population, the Dutch survived and indeed continued to prosper, and foreigners inquired into why they enjoyed such national success.

Economic pressure and demonstration effects from the spectacular Dutch economy worked together to lead England to imitate the Netherlands’ religious freedom. Religious dissenters (non-Anglicans)

were especially prone to attribute Dutch success to its toleration of religious diversity. Thomas Helwys (1575–1616), founder of the Baptist denomination, relocated to the Netherlands in 1608. Persuaded by what he saw that state persecution of religion was never justified, Helwys wrote: “Behold the Nations where freedom of Religion is permitte, and you may see there are not more flourishing and prosperous Nations under the heavens than they are.” At roughly the same time, English Separatists, known more colloquially as the Pilgrims, settled in the Netherlands, eventually making their way to Plymouth, Massachusetts. In Plymouth, the Separatists were models of toleration (in contrast to their Puritan brethren, who exiled and occasionally executed religious dissenters), perhaps because they had seen toleration modeled in Holland (Cobb 1970: 133–48). Two generations later Sir William Temple (1628–99) visited the Netherlands and published his *Observations upon the United Provinces of the Netherlands* (1673). Openly admiring of Dutch toleration, Temple wrote that in the Netherlands even Catholics could practice openly, and “it is hardly to be imagined how all the violence and sharpness which accompanies the differences in religion in other countries seems to be appeased or softened here [in the Netherlands], by the general freedom which all men enjoy, either by allowance or connivance; nor how faction and ambition are thereby disabled to color their interested and seditious designs with the pretenses of religion, which has cost the Christian world so much blood for these last hundred and fifty years” (Owen 2015: 136).

John Locke, the English philosopher, was another admirer of the Dutch. In 1669, he coauthored the Fundamental Constitutions of Carolina, the basic law for a new colony (now North and South Carolina). Articles 96 and 97 are especially interesting. The former, not written by Locke, mandated that “the only true and orthodox religion,” the Church of England, would be the sole religious institution publicly supported. But Locke’s Article 97 followed up by stating that, since immigrants “will unavoidably be of different opinions concerning matters of religion, the liberty whereof they will expect to have allowed them . . . it will not be reasonable for us, on this account, to keep them out, that civil peace may be maintained amidst diversity of opinions.” Locke went on to assert that “Jews, heathens, and other dissenters” could be won to pure Christianity by seeing the meekness of the faithful. The upshot was that “any seven or more persons agreeing in any religion, shall constitute a church or

profession, to which they shall give some name, to distinguish it from others” (*Fundamental Constitutions of Carolina* 1669). Locke later spent five years in the Netherlands (1683–88), a country he admired greatly. The year after his return to England he published his famous *Letter Concerning Toleration* (Locke [1689] 2010).

Locke came back to England with William of Orange, who was invited by Parliament to become King William III of England. The Glorious Revolution in England was, among other things, a foreign (Dutch) imposition of religious toleration upon England, done for geopolitical reasons. When the Catholic James II was ousted from the English throne, Louis XIV of France, the superpower of the time, lost a close ally. He declared war on the Netherlands and accused William of planning to eradicate Catholicism from England. To placate Louis, William struck a deal with a reluctant English Parliament: the Toleration Act of 1689 allowed Presbyterians, Quakers, Baptists, and Independents to worship in public, build chapels, and contradict Anglican preachers. As king, William went further, using his royal prerogatives to “direct judges and curb popular and ecclesiastical interference and opposition” to Catholics and Jews (Israel 1991: 140–54). In sum, England became more tolerant of minority religions because of the example, pressure, and direct intervention of the already tolerant Netherlands.

The connection between the Netherlands, John Locke, the English Toleration Act, and the subsequent religious freedoms that flourished in the British American colonies cannot be underestimated. Good ideas do not manifest themselves inherently, and they require proponents to carry them forward throughout time and space. Adam Smith, whom we earlier credited with laying the foundational path toward economic prosperity—specialization and trade—knew full well the importance of religious toleration, devoting a whole section of Book V of *The Wealth of Nations* to the free exercise of religion. Smith ([1776] 1976: 793) even noted the socio-economic importance of religious liberty in Pennsylvania. Without the demonstration effects and free flow of ideas, many of the social benefits provided by religious toleration would remain provincial.

Conclusion

Religious freedom has once again taken center stage in policy debates around the world. *Dignitatis Humanae*, celebrating its 50th anniversary, argued for this essential civil liberty based upon the

inherent dignity it brings to the human person. This appeal alone may be cause enough to justify its implementation and protection in democratic constitutions and specific policy measures. However, history informs us that such appeals often go unheeded, as the political landscape is often strewn with competing social and economic interests. Religious intolerance still exists and threatens to divide communities that would otherwise be strong partners in producing wealth and engaging in peaceful trade. To that end, the case for religious toleration and institutionalized liberties may lie in noting the connection they have for social flourishing as well. Nearly all individuals seek a safe and prosperous life, free from conflict. Fortunately, history also provides evidence that religious tolerance and freedom enhances social well-being in many other realms, including long-term economic growth and democratic governance. Just as tolerance promoted security, immigration, and trade in the past, it can continue to do so today. Religious minorities continue to flock to nations that provide them a safe haven, and in doing so, they bring their particular talents that enhance their new societies. Such tolerance also fosters increased trade across cultural boundaries, reminding all of us of our common humanity. As noted in our fourth lesson above, the diffusion of good ideas is critical for the enactment of good policies. History is a teacher and we would do well to heed its lessons.

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