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The Effects of State-Established Religion on Religious Freedom for Minorities

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Abstract

State policy on religious freedom for minorities varies substantially across nations. Assuming a uniform set of interests for actors regardless of the religious tradition, culture, or type of government they are associated with, I present a path model to explain this variation and test it using cross-national data from a sample of 175 states. The main finding is that the state's interference in the religious market, through the establishment and subsidizing of a state religion, initiates a path by which the state religion is able to monopolize the religious market and subsequently acquire political influence. In accordance with the interest of maintaining and maximizing its share of the religious market, the state religion uses its political influence to curb prospective competition by restricting the freedom of minority denominations. Further, the prevalence of this process in Muslim majority states likely explains the above-average levels of restrictions on the religious freedom of minorities in the Muslim world.

Although state policies on religious freedom for minorities vary across nations, cross-national studies examining the causes of this variation have been greatly limited because of a lack of data.[1] However, in the past five years, studies based on a broad sample of states have emerged, aided by the new availability of data, including most prominently the U.S. Department of State's International Freedom Reports and Jonathan Fox's Religion and State Project.

Among the key findings produced by these studies is that states with a majority Muslim population, on average, have the highest levels of restrictions on religious freedom for minorities (Fox 2007).[2] By contrast, largely Christian states have the lowest levels on average. However, there is variation within these groups. For example, Syria and Jordan, whose populations are about 90 percent Muslim, have very different policies toward their sizable Christian minority denominations. While Jordan has a substantial number of restrictions, Syria has only a few. Similarly, case studies have shown that even largely Christian states vary in the extent to which religious minorities receive rights equal to those of the majority religion. For example, Monsma and Soper (2009) find that the Netherlands is more favorable toward its minority religious denominations than England is, especially when it comes to religious curriculum in public schools. Because such intragroup variation is prevalent, cultural explanations that point to some essential quality of a particular religion as the key explanatory variable are unsatisfactory. The type of regime that a state has is another seemingly good predictor of the state's policy on the religious rights of minorities. While democratic governance is associated with protection for the religious rights of minorities (Fox 2007), there are cases in which states that have more politically reformed governments, such as Turkey, have far more restrictions on their religious minorities than do their more autocratic counterparts, such as Syria. Therefore while a more participatory political system may explain some of the variation, it is not a fully satisfactory explanation.

Although the number of cases that challenge the robustness of conventional factors may be no more than a handful, their existence draws attention to the need for an alternative explanation that can both account for variation within states that have a majority religion and rationalize how autocratic regimes manage to provide their religious minorities with more freedom than some more politically reformed societies do.

Applying the assumptions of the religious economy approach, I present and test a model of state policy on religious freedom for minorities as the outcome of

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[1] In this article, the term *minorities* refers to religious denominations other than the denomination that has the highest percentage of followers in a given state.

[2] The term *restrictions on religious freedom for minorities* refers to state policies that directly restrict the personal and/or public practice of a religious denomination other than the religious denomination that has the highest percentage of followers in a given state.

a dynamic process that begins with the state's interference in the religious economy through the establishment of a state religion. This model assumes a uniform set of preferences and interests for the actors involved in the religious economy, regardless of the religious tradition with which they are affiliated. For example, denominations and their clergy, as producers, are driven by their interest in maximizing the number of adherents to their denomination; in other words, they are driven by the desire to maximize their market share. Similarly, as consumers, followers are driven by the desire to find a denomination that provides them with the most benefits—in other words, a denomination that fully satisfies their spiritual and welfare needs—at the lowest cost. On the basis of these assumptions, I argue that state interference increases the likelihood that the state religion will monopolize the religious market, which in turn enables it to acquire political influence that is not countered by other religious denominations.[3] The influence is then used to shape policy that restricts religious freedom for minority denominations in an effort to restrict competition and maintain the monopoly. By providing a more process-oriented understanding, I try to avoid viewing state policy as a function of static correlates.

In the following sections, I begin by describing the assumptions of the religious economy perspective in more detail and discuss existing studies on religion and politics that apply them. I then specifically outline the implications of the religious economy assumptions for state policy on religious freedom for minorities and present a path model based on those assumptions. I employ structural equation modeling to evaluate the model using compiled cross-national data from 175 states.

Three findings stand out. First, the interference of the state in the religious market through the establishment of a state religion is likely to initiate a process that enables the state religion to wield political influence that is then used to shape policy that discriminates against religious minorities. Second, once this process is accounted for, Muslim majority states are not associated with higher levels of discrimination, an indication that the prevalence of this process in the Muslim world is at least partially accountable for the discrimination. Third, the prevalence of the process in the Muslim world is further supported by evidence that indicates that Muslim majority states not only have a higher frequency of having a state-established religion in comparison to other states, but also are more likely to accompany that formal endorsement with tangible economic and political benefits that increases the likelihood that the process resulting in discrimination will occur.

[3] To refer to religions and denominations other than the state religion, I use the terms *other denominations*, *minority denominations*, and *minorities* interchangeably in this article, depending on the context. These terms can include both subgroups of a particular religion and other religions more broadly. The conceptual distinction does not affect my model. To refer to the denomination or religion established by a state, I use the term *state religion*.

THE RELIGIOUS ECONOMY PERSPECTIVE

The religious economy argument explains state policy on religious freedom as a function of microeconomic processes and rational behavior. This perspective is based on the concept of a religious market. First introduced by Adam Smith, a concept of a religious market is analogous to the concept of a market for a physical commodity or a service good. Like a market for a secular good, a religious market consists of customers, but instead of demanding a secular good, customers are seeking a spiritual or religious good (Iannaccone 1992; Iannaccone and Berman 2006; Stark 1992; Stark and Bainbridge 1987). The religious good is supplied by religious producers, which are religious denominations and their corresponding institutions and clergy. These producers are driven by their interest, which is maximizing the number of adherents to their denomination with the goal of achieving a monopoly over the religious market with the least effort and cost (Gill 1994, 2008; Gill and Keshavarzian 1999; Iannaccone 1992; Iannaccone and Berman 2006; Stark 1992).

The extent to which a religious market is competitive is largely affected by the extent to which the state interferes in the market. When the state interferes in the religious market by establishing a state religion, the religious market is more likely to be monopolized. When the state does not interfere, the forces of supply and demand produce a more competitive market (Stark 1992; Stark and Bainbridge 1987).

Application in Previous Studies

The religious economy approach has traditionally been applied to explain variation in religiosity levels (Chaves and Cann 1992; Finke 1990; Finke and Iannaccone 1993; Finke and Stark 1988; Fox and Tabory 2008; Gill 1999; Iannaccone 1991, 1992; Iannaccone, Finke, and Stark 1997; Stark 1992; Stark and Iannaccone 1994). The logic underlying the theory is that in a state in which the government establishes a religion, this establishment creates barriers for other denominations to enter the religious market and compete against the state religion. Therefore, such a society will have a monopolized religious market and a religiously nonpluralistic society. Further, because that state religion cannot satisfy the diverse needs of the consumers, the society will have lower levels of religious engagement and participation. By contrast, in a state in which the government does not endorse any one religion and therefore avoids interference in the religious market, the barriers for religious firms to enter the market will be few, if any, allowing for a religiously pluralistic society. Furthermore, the competing religious firms in such a state will produce diverse and efficient religions (in terms of successful niche marketing) that will satisfy the diverse needs of the consumers, producing higher levels of religious engagement and participation.

This approach has recently been extended by Gill (2008) and Grim and Finke (2007, 2010) to explain religious liberty (conceived of as regulation of the religious market, including both positive endorsements of religions and negative restrictions on religious groups) and religious persecution, respectively. Gill (2008) provides a rational-choice-based theory of religious liberty, arguing that the extent to which the state regulates, including both promotion of particular faiths and restrictions on others, is directly a function of the political survival interests of policymakers and the institutional interests of religious denominations. These interests are conditioned by external factors, most notably the extent to which policymakers face political competition from both secular and religious rivals and the degree of religious pluralism in the society. Policymakers decide to regulate the religious market by promoting a particular religion and restricting others when such regulation is in their own economic interest or conducive to their political survival. Gill articulately develops a theory that explains the reasons and motivations underlying policymakers' choice to endorse a particular religion in the first place and their rationale for choosing to restrict the freedom of all religions or of particular denominations. Employing case study analysis of the United States, Latin America, Russia, and the Baltic states, he finds support for his theory.

In the case of religious persecution, Grim and Finke (2007, 2010) use the state's regulation of the religious market to explain variations in the level of religious persecution. They provide three mechanisms by which the state's regulation causes religious persecution. First, when the government endorses a particular religion, that religion receives exclusive access to political power that can be used to persecute other religious denominations. Second, when the government regulates the market, it maintains authority over religion that can be used to persecute religious denominations. This also increases the likelihood that the religious market will be monopolized by a single denomination that can be perceived as a threat to the state, thereby increasing the state's incentive to persecute. Third, the regulation of the religious market can increase the grievances and concomitant protests of minority denominations against the state, resulting in an increased response by the state in the form of persecution. Grim and Finke find evidence that higher levels of government regulation, measured as "restrictions placed on the practice, profession, or selection of religion by the official laws, policies, or administrative actions of the state" (Grim and Finke 2007: 645), cause higher levels of religious persecution measured as "physical abuse or physical displacement due to one's religious practices, profession, or affiliation," (Grim and Finke 2007: 643).

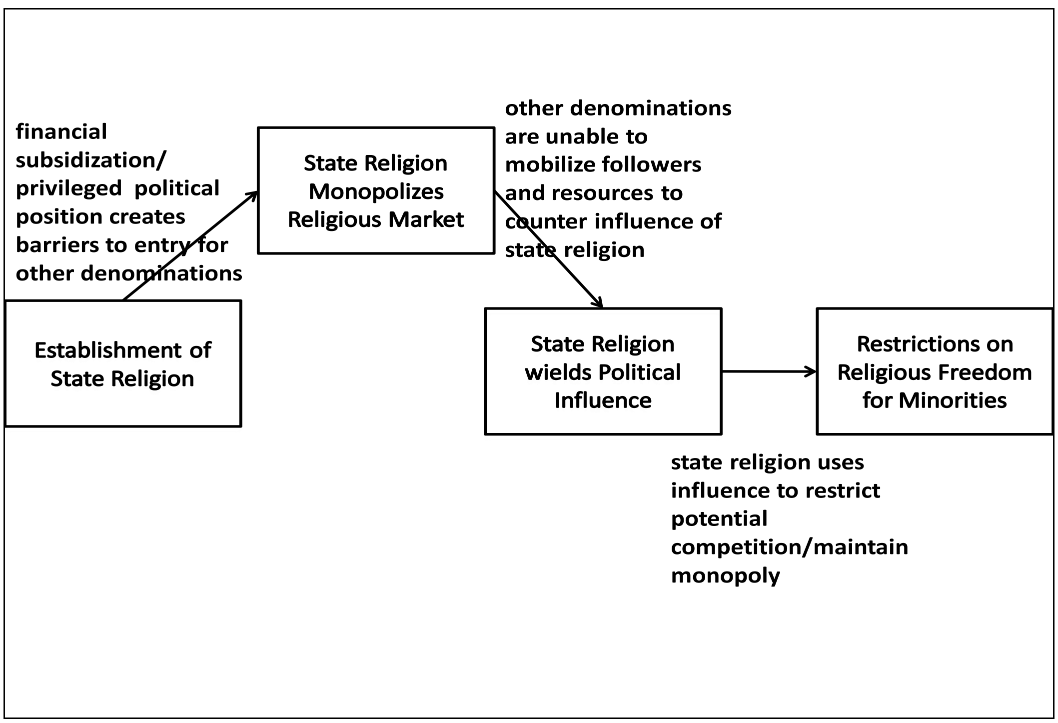
By applying and extending the religious economy approach to explain the origins of both religious freedom and social conflict, Gill (2008) and Grim and Finke

(2007, 2010) have made significant contributions. I further extend the assumptions of the religious economy approach to present and cross-nationally test a model that explains the process by which states end up with policies that restrict the religious freedom of minorities in particular.

Explaining State Policy on Religious Freedom for Minorities

The model that I present illustrates a process in which the establishment of a state religion sets off a process that increases the likelihood that the state religion will monopolize the religious market and subsequently gain political influence, which is then used to restrict the freedom of religious minorities (see Figure 1).

Figure 1: How State Interference May Initiate a Path Leading to Restrictions on Religious Freedom for Minorities



The process by which a state's establishment of a state religion creates a monopolized religious market closely follows the model presented by Iannaccone (1991), Chaves and Cann (1992), and Stark and Iannaccone (1994) to explain religious participation. The state's establishment of a particular denomination, which Iannaccone terms a state's fostering of public religion, comes with a set of privileges such as financial subsidies and political favors that affect religious pluralism or the composition of the religious market in a society. Both financial subsidies and privileged access to policymaking set up barriers to entry into the religious market for other denominations because these factors decrease the likelihood of attracting consumers or followers. Other denominations must seek voluntary contributions to support clergy salaries, maintain places of worship, and fund welfare programs, because they do not receive state funding (Finke and Iannaccone 1993; Gill 2008; Gill and Keshavarzian 1999). This reduces consumers' incentive to join other denominations because of the high associated cost, making it less likely that other denominations will gain a sizable market share. Additionally, by virtue of its privileged position, the state-sanctioned religion may have exclusive access to the political process that other religious denominations do not have (Grim and Finke, 2007). This also reduces consumers' incentive to join other denominations, since by doing so, they would forfeit the benefits they might receive if they were affiliated with the state-sanctioned religion. Because of these barriers to entry, the state religion will likely monopolize the religious market (Grim and Finke 2007; Iannaccone 1991).

I expand the model to argue that the composition of the religious market then affects the extent to which the state religion wields political influence. Specifically, a monopolized religious market decreases the likelihood that other denominations, which have only a small share of the market, will be able to mobilize the human and financial resources needed to counter the state religion's political influence. Without a large mass of followers and economic resources, other denominations are less likely to have a voice in the political process that can counteract the state religion, which has human resources, economic resources, and a privileged status. The political sway of the state religion can then be used to influence state policies that inhibit freedom of religion for minority denominations so as to sustain its monopoly.

The incentive of the state religion to harness its political power to eliminate potential competition posed by minority religious denominations is based on the assumption that all religious denominations and their clergy, as producers, are driven by the interest to achieve a pure monopoly over the religious market at the lowest cost to them. Because a pure monopoly of the religious market never occurs, even with full support of the state (Stark and Iannaccone 1994), minority denominations always pose competition for the state-sanctioned religion. In describing the predicted behavior of the Catholic Church in the Latin American states where Catholicism is the state religion, Gill (1994: 412) wrote, "the Church will attempt to use its access to state resources to attract latent members and/or suppress the competition. Prohibiting competition is more cost effective than actually competing." Therefore we would expect a politically influential state religion to use its influence to eliminate potential competition through the imposition of state policies that restrict the ability of minority religions to freely practice and proselytize.

Although my model assumes a certain set of interests for religious denominations and their clergy (as producers) and followers (as consumers), it does not directly test those interests; rather, it tests the process that is expected to occur on the basis of the actors' pursuit of those interests. I also do not explore why states decide to establish a religion in the first place but rather treat the establishment of religion as an exogenous variable in the model. Gill and Keshavarzian (1999) and Gill (2008) provide a rational choice theory that explicates the rationale for why, and the conditions under which, a government decides to form or break an alliance with a particular religion on the basis of the government's interests.

DATA AND METHODOLOGY

To examine whether the religious economy model explains patterns of restrictions on religious freedom for minorities globally, I present and test two models. The first model tests the religious economy model. The second model adds controls for alternative explanations to check for robustness.

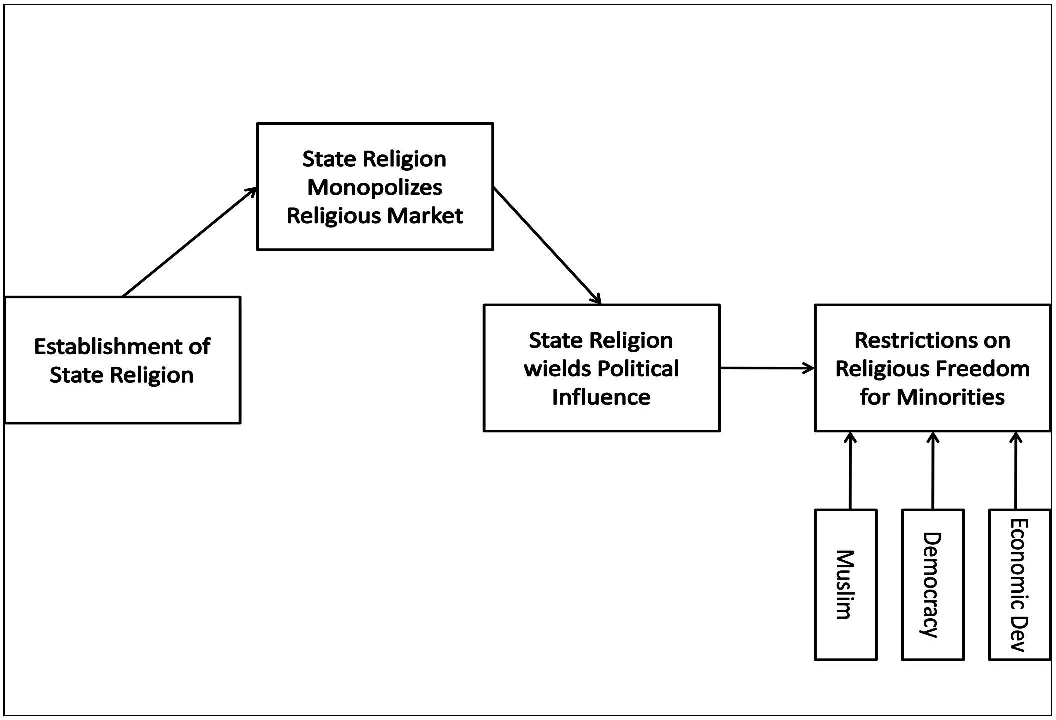
Model 1: Religious Economy

This model can be conceptually thought of as comprising two parts. As Figure 1 depicts, in the first part, the official establishment of a state religion, accompanied by financial subsidies and a privileged political status, is expected to impede other denominations from entering the religious market and competing against the state religion, resulting in the state religion's dominance of the religious market. Because of their diminished market share, other denominations are unlikely to have the followers and financial resources to mobilize and counter the political voice of the state religion, enabling it to wield influence. The second part models the expectation that the political influence of the state religion will be harnessed to restrict the religious freedom of minorities.

Model 2: Religious Economy with Control Variables

Model 2, depicted in Figure 2, replicates the religious economy model but controls for alternative explanations of minority rights. Because prior research finds that restrictions on religious freedom for minorities is highest, on average, in Muslim majority states (Fox 2007), I include a dummy variable that controls for states with a majority Muslim population. This tests whether there is a particular effect of Muslim tradition on religious freedom for minorities after state interference in the religious market is controlled for.

Figure 2: Religious Economy with Control Variables



A variable for economic development is also included in model 2 because a lack of economic development is often cited as a cause of state repression of freedom and human rights broadly. A state may be more likely to restrict rights and liberties to counter the social and political instability that arises from scarce economic resources (Henderson 1991; McCormick and Mitchell 1988; Poe and Tate 1994). However, cross-national empirical studies have found a consistent but only weak-to-moderate effect of economic development on state repression of freedom and rights. Additionally, Fox (2007) does not find a significant relationship between state wealth and state discrimination against religious minorities. Although the existing empirical evidence to support the economic development hypothesis is mixed, given the salience of state wealth as a possible confounding variable, I include it in the model with the expectation that it will be associated with fewer restrictions on religious minorities.

I also added a variable for regime type, since democratic governance is linked to both greater human rights and civil liberties in general and religious freedom and tolerance for minorities in particular (Fein 1993; Fox 1998, 2007; Henderson 1991; Poe and Tate 1994, 1999; Price 2002). To avoid tautology, I use Polity IV's measure for regime authority (M. G. Marshall and Jaggers 2008) because it is based on procedure and participation and it excludes indicators of civil liberties or minority rights. However, even with a procedural measure, an implicit endogeneity problem remains, since it is unclear whether electoral democracy precedes civil liberties and minority rights. Although the direction of causal arrow is not clear, I would expect that states with democratic institutions are also more likely to protect the rights of religious minorities.

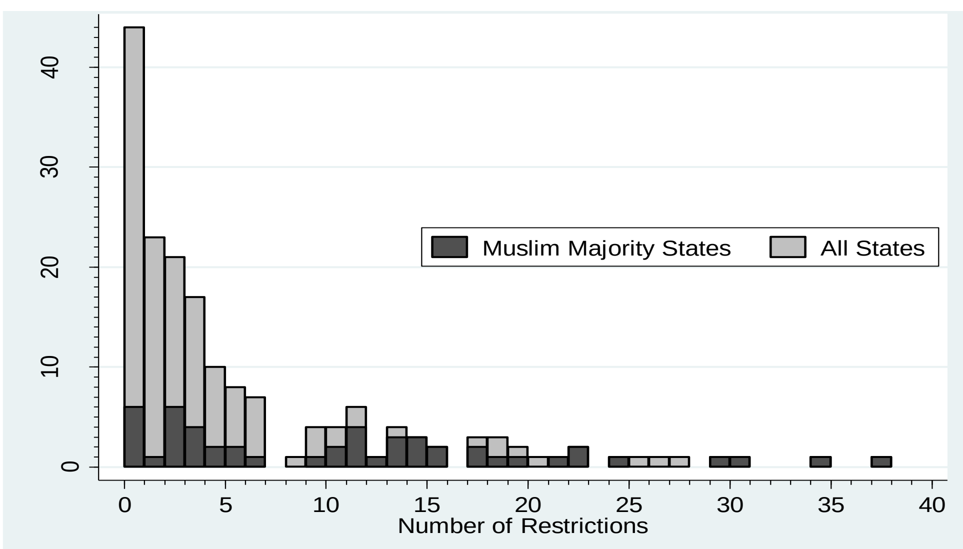
Method

I test the models using cross-national data from a sample of 175 states and use structural equation modeling with maximum likelihood estimates. Structural equation modeling enables the modeling of a system of equations and can estimate both direct and indirect effects. This permits the testing of path models and allows for a more nuanced understanding of mediating factors.

Variables

Restrictions on Religious Freedom for Minorities. This variable measures the extent to which a state's policies in any way restrict the personal and/or public practice of a religious denomination other than the one with the highest percentage of followers in a given state. I use the Religion and State Project's composite variable for "Religious Discrimination Against Minority Religions (*m*)" (Fox 2004b). The values for this variable range from 0 to 48. Figure 3 shows the distribution of restrictions across all states and the subset of Muslim majority states. Muslim majority states have a higher median level of restrictions and a wider distribution.

Figure 3: State Restrictions on Religious Freedom for Minorities



State-Established Religion. This variable measures whether a state interferes in the religious market by formally establishing a religion. States that do not have an established religion are coded as 0, those with multiple established religions as 1 (only three states out of the 175 states in the sample have multiple established religions), and those with a single established religion as 2. I use the Religion and State Project's variable "Separation of Religion and State (sch)" (Fox 2004b). Globally, 84 percent of states do *not* have a state established religion.

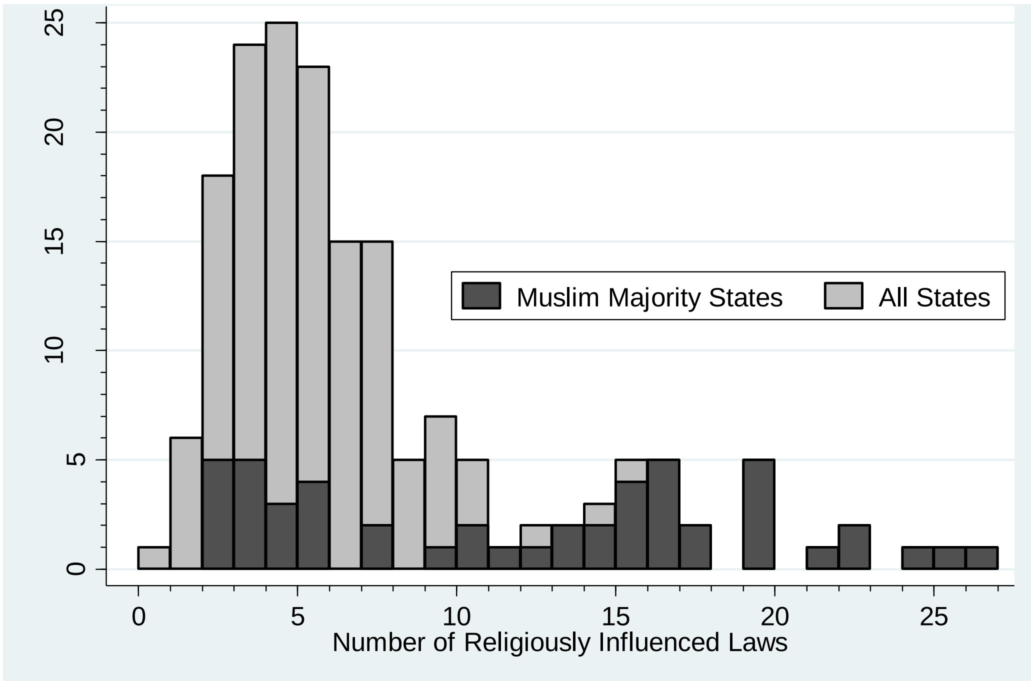
Monopolized Religious Market. The extent to which a religious market is monopolized by the majority religion is measured by the Herfindahl-Hirschman Index (Grim and Finke 2007). It measures how religiously pluralistic the society is, higher numbers indicating a more monopolized religious market or a more religiously homogenous society.

Political Influence. To capture the extent to which the majority religion has political influence, the number of religiously influenced laws and regulations incorporated into the legal code are measured. I use the Religion and State Project's composite variable for "Specific Types of Religious Legislation (*k*)" (Fox 2004b). It indicates the total number of laws and regulations in the state that are influenced by the majority religion's religious precepts. The values for this variable range from 0 to 32. There is no overlap in the laws and policies that are coded to measure this variable and the one for restrictions on religious freedom for minorities. While the variable for restrictions on religious freedom for minorities consists of explicit state restrictions on the practice of minority religious denominations, the variable for political influence does not address the freedom of minority religious denominations to practice their religion. Instead, it codes laws and regulations that are influenced by the majority religion's doctrine, such as dietary restrictions and personal status laws. These laws do not restrict religious minority practice.

Figure 4 shows the distributions of the majority religion's political influence globally and in the Muslim world. While the global median of religious law incorporation is about five laws, the median is thirteen laws in the Muslim world.[4]

[4] I recognize that there is no way to ensure that the thirty-two laws coded for this variable equally indicate the political influence of the state religion. But given data restrictions, the total number of religiously influenced laws is the best indicator available, to my knowledge, to measure the degree to which a dominant religion has political leverage. Many of the laws that are coded as influenced by religion in non-Muslim majority states and Muslim majority states overlap. For example, five of the ten religiously influenced laws of England and Bangladesh overlap. The overlapping laws pertain to blasphemy, mandatory religious education, funding of religious education, governmental appointments to clerical positions, and the formation of religious ministries. In Bangladesh, the other religiously influenced laws have to do with Islamic family law and restrictions on abortion. In England, the other laws have to do with funding for clergy and the dual appointment of certain individuals as both religious and government officials (Fox 2004a).

Figure 4: Political Influence of Majority Religion



Polity. To measure regime type, I use Polity IV's 21-point measure for regime authority, in which −10 indicates fully institutionalized autocracy and 10 indicates fully institutionalized democracy. I chose Polity IV because it does not code civil liberties or political rights but instead examines the procedural aspects of democracy, such as a state's quality of political contestation and participation as well as constraints on the executive.

Economic Development. Economic development is measured as the log of GDP per capita.

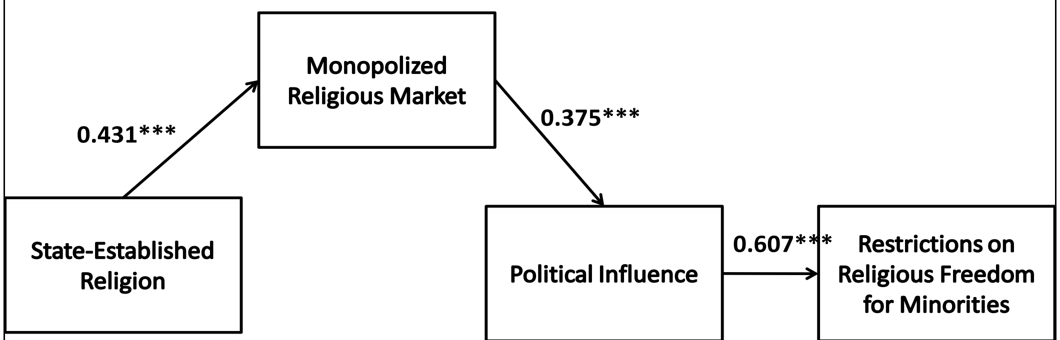
Muslim. States with a majority Muslim population are coded as 1. All others are coded as 0.

RESULTS AND DISCUSSION

Model 1: Cross-National Support for the Religious Economy Model

Figure 5 displays the results from model 1, which tests the religious economic model in a cross-national sample.

Figure 5: Religious Economy Model



N **= 175; ****p*** **< 0.001; standardized coefficients reported.**

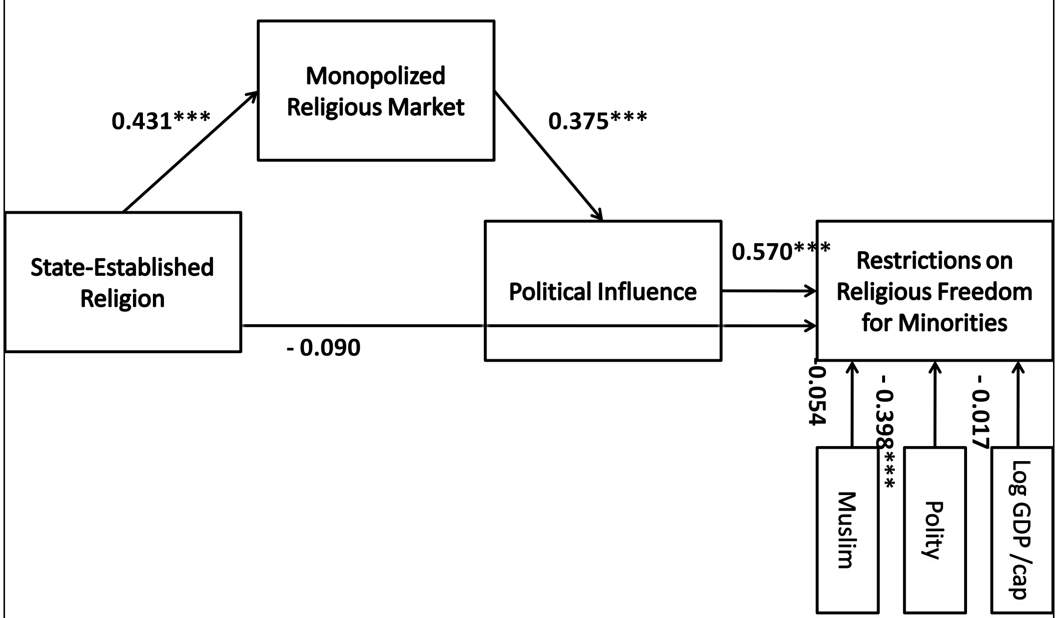
Model 1 tests the salience of the religious economy perspective in explaining state policy on religious freedom for minorities. First, the state's interference in the religious market, as exhibited by the official establishment of a religion, is likely accompanied by financial subsidies and a privileged political status that create barriers to entry into the religious market for other denominations. This produces a monopolized religious market, in which minority denominations, because of their small market share, do not have enough followers and financial resources to lobby for their preferences, enabling the state religion to obtain uncontested political influence. The state religion can use its political influence to weaken potential competition by restricting the freedom of other denominations.

The results of the model indicate that the logic is substantiated. All paths are both statistically and substantively significant. States that adopt an official state religion do tend to have a religious market that is monopolized by that state religion, as indicated by a higher Herfindahl-Hirschman Index (a higher number indicates a more homogenous/monopolized religious market). By having a religious monopoly, the state religion can then wield political influence, as indicated by the number of state laws and policies that are based on that religion's tenets. The political influence of the religion is also significantly associated with restrictions on minority denominations, indicating that the state religion is able to translate its political influence into state policies that impede the free practice and exercise of other denominations.

Model 2: Robust Support for Religious Economy Model

To ensure that other hypothesized factors are not influencing the effects found in model 1, model 2 includes control variables. This model includes dummy variables for Muslim majority states, economic development, and regime type. I also model a direct effect of state establishment on restrictions on religious freedom for minorities that bypasses the intervening variables. This is to test whether the political influence of the state religion serves as the mediating mechanism to produce discriminatory policies. If an established state religion has no direct effect on restrictions, this lends support to the idea that the establishment of a state religion affects discrimination only to the extent to which it sets off the process that enables the state religion to obtain a monopoly of the religious market and political influence. Figure 6 displays the results from model 2.

Figure 6: Religious Economy with Control Variables



N = 175; ****p* < 0.001; standardized coefficients reported.

Model 2 confirms the robustness of the religious economy hypothesis in explaining restrictions on minority religions. Even with the controls, the coefficients associated with the religious economy hypothesis remain statistically and substantively significant. Two of the three control variables are not significant. The results indicate that once the path associated with the state's interference in the religious market is accounted for, Muslim tradition has no particular effect on restricted religious freedom for minorities. Therefore the above-average levels of restrictions in the Muslim world are likely due to the prevalence of the state's interference in the religious market, which produces a distribution of political power among the religions that greatly favors the variant of Islam endorsed by the state.[5] In fact, 48 percent of Muslim majority states have an established religion, while only about 14 percent of non-Muslim majority states do (see Table 1). Therefore, the likelihood that the state will interfere in the religious market is higher in Muslim states than in other states. It is this discrepancy that accounts, at least partially, for the high levels of discrimination in the Muslim world.

Table 1: Comparison of Muslim Majority States to Non-Muslim Majority States: Established Religion

	Muslim Majority State	**Non-Muslim Majority State**
No established state religion	48%	84.0%
Multiple established state religions	0%	2.4%
One established state religion	52%	13.6%

χ^2: 28.912, p-value < 0.001; γ: 0.708, p-value < 0.001.

Economic development is also not linked to discrimination. This is not surprising, given that prior research found a weak and inconsistent effect. Also expected, because of its robustness as indicated in previous research, is the significant inverse relationship between democracy and restrictions on minorities. However, what is noteworthy is that the substantive effect of democracy is less than that of the political influence of the majority religion. The standardized coefficient

[5] To ensure that the significance of the religious economy model in the cross-national sample is not being driven by Muslim majority states, I ran the model with control variables in a sample of non-Muslim majority states only. In a related vein, to ensure that the religious economy model holds in the population of Muslim states, I ran the model in a sample of Muslim majority states only. The religious economy model holds in both subsets of non-Muslim majority states and Muslim majority states, even after I controlled for possible confounding factors.

for the political influence of the majority religion, stemming from the state's interference in the market, is 0.570 compared to that of democracy, which is 0.398 (absolute value). Thus while the type of regime does explain some of the variation, the process associated with the regulation of the religious market is a stronger determinant.

Finally, the mediating role of the state religion's monopoly of the religious market and political influence is also substantiated. State-established religion has no direct effect on discrimination against minorities. This indicates that the formal endorsement of a state religion does not in and of itself cause the state to enact discriminatory policies against religious minorities; rather, it is likely that formal endorsement generates certain mechanisms that enable the state religion to wield political influence that it uses to press for discriminatory policies.

Model Fit Comparison

To compare the goodness of fit of the two models, that is, to assess which model better fits the observed data, the Akaike Information Criterion (AIC) statistics of the two models can be compared, since model 1 is nested in model 2. A lower AIC score indicates a better fit, and in this case, model 1 has an AIC statistic that is about 90.41 points lower than that of model 2. This suggests that the religious economy hypothesis, presented in model 1, better captures the data than does a model that also includes competing factors. The inclusion of the other variables decreases the overall fit of the model, confirming that those variables are not accounting for the variation in state policy to the extent to which the factors related to the religious economy are.

Established Religion Without Monopoly

The results from model 2 indicated that an established state religion has no direct effect on discrimination, suggesting that there are some instances in which the state can establish a state religion without affecting the composition of the religious market and the subsequent distribution of political influence. There are two conceivable instances in which the establishment of a state religion does not set off the process that leads to discriminatory policies. In the first instance, the establishment is a formality that is not accompanied by financial subsidies and preferential treatment. Such privileges act as obstacles for other denominations to gain a market share and subsequently enable the state religion to gain a monopoly. If these privileges do not accompany the formal endorsement, then the barriers to the religious market are not as high for other denominations. This scenario is what is observed in England. Although the Church of England is the officially established church, the British government does not financially subsidize it (Monsma and Soper 2009; U.S. Department of State 2009). This allows for a largely unregulated religious market, in which other religious denominations do not face the barriers to entry that are present when a state church receives a state subsidy. These other denominations are able to compete for followers and financial resources, producing a more even distribution of political influence among the religious sects. The open and competitive religious market is evidenced by England's relatively low Herfindahl-Hirschman index score of 5191 compared to the global median index score of 5730.[6]

The second instance in which the path to discriminatory policies is not initiated is when the state levels the playing field by subsidizing other denominations as well as the official religion. If this occurs, then other denominations are not at a particular disadvantage and are able to compete alongside the state religion and lobby for their preferences. The situations in Iceland and Norway fit this model. The governments of both states subsidize the Evangelical Lutheran Church; however, in both states, the financial endorsement of the state church is at least partially offset by funding for other religious groups. In Iceland, all registered religious denominations are eligible for a state subsidy. In Norway, all registered religious denominations receive state funding in proportion to their membership, just as the Evangelical Lutheran Church does (P. A. Marshall 2008). Because of this compensation, religious denominations other than the Evangelical Lutheran Church are able to compete in the religious market and acquire the human and financial resources needed to have a political voice.

In fact, when we compare Iceland and Norway to their Scandinavian counterparts Denmark and Finland, we observe that the Evangelical Lutheran Church exercises more political influence in Denmark and Finland. This is at least partially due to the exclusive state subsidizing of the Evangelical Lutheran Church in those two states.[7] Unlike the situation in Iceland and Norway, other religious denominations are not eligible for a direct state subsidy in Denmark and Finland (U.S. Department of State 2009).

Sweden is a good example of a before-and-after case in which a change in the government's policy on subsidization reduced the political voice of the state church. Before 2000, the Church of Sweden was the sole recipient of state funds. In 2000, all registered religious groups became eligible to apply for direct government subsidies. With this leveling of the playing field, the political influence of the Church of Sweden gradually fell from eleven laws in 1999 to six laws in 2002 (Fox 2004a).

Given these instances, the natural question that arises is what determines whether or not the formal establishment of a religion is accompanied by benefits

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[6] Lower Herfindahl-Hirschman scores indicate more religiously pluralistic markets.
[7] As of 2008, other religions are eligible for state funds in Finland; however, the data that I used are from 2002.

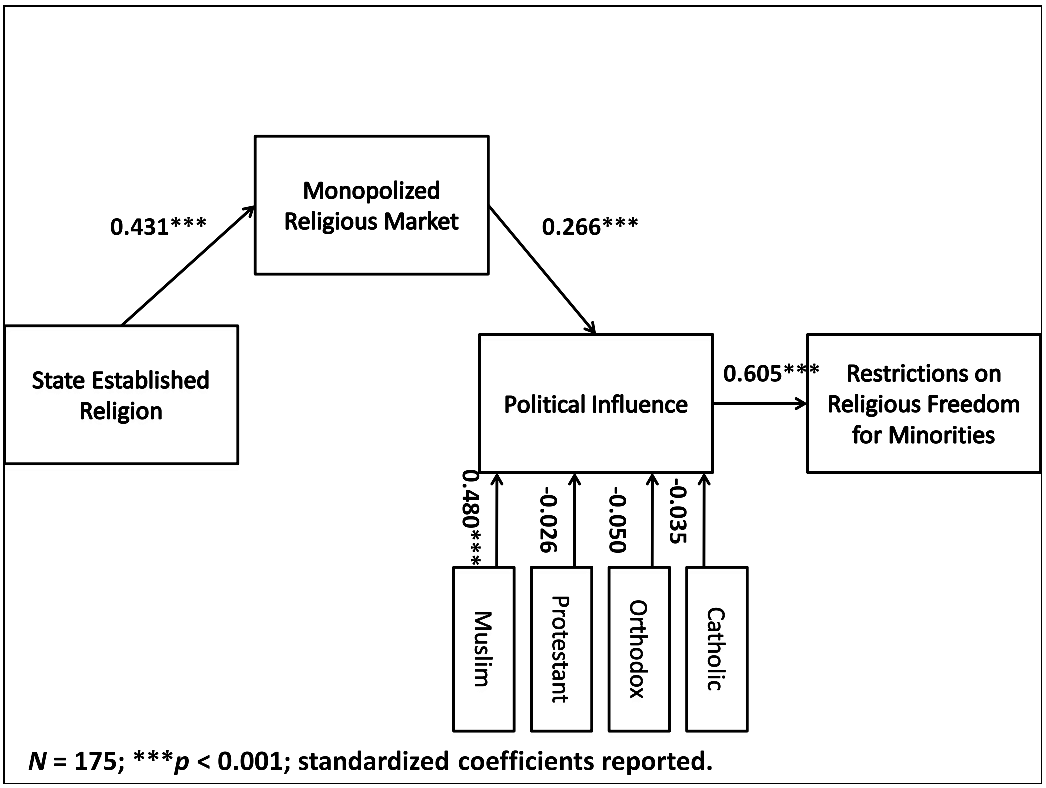
that eventually enable the state religion to voice its political preferences. Here, the particular state religion may be a key determining factor. Specifically, I theorized that states with a variant of Islam as the state religion would be more likely to provide exclusive economic benefits and a privileged political status to Islam because of the political history of Islam and its unique holistic quality.

For nearly twelve hundred years of Islam's history, religion and governance were merged, beginning with the Rashidun Caliphate in 632 until 1924, when the system was brought to an end by Atatürk. Premodern Islam traditionally fostered the notion of an ideal, stateless society that is unified by a common religion and governed by religious precepts. While the absolute merging of religion and governance that was seen under the Caliphate is obsolete, the newly independent nation-states of the mid-20th century preserved a public role for Islam in alignment with Islam's holistic quality, which provides a set of guidelines and laws that govern both the personal, spiritual aspects of life and the functioning of society to achieve a just and morally upright social order. Therefore I would expect that governments that establish some variant of Islam as the state religion to be more likely to provide it exclusively with tangible benefits, economic and political, both because of how intertwined they have been historically and the inherent holistic quality of the religion.

These are traits that are not shared, at least at present, by Christian traditions. Perhaps the closest comparison among Islam's Christian counterparts is premodern Catholicism, which fostered the notion of Christendom, in which secular and religious authorities divided rule. Under this system, which was practiced in some form from 5th century Europe until the de facto demise of the Holy Roman Empire that accompanied the Peace of Westphalia in 1648 and the creation of the nation-state, secular authorities were responsible for upholding Christian values and protecting the Church (Casanova 1996; Levine 1981; Philpott 2004). More recently, until the late 20th century, the states of Latin America have been described as remnants of medieval Christendom because of the collusion between the state and church institutions in these states. However, the Catholic reforms that started in 1961 and led to Vatican II rendered the merging of religion and governance largely an obsolete idea.

To assess the validity of this hypothesis, I present and test model 3. This model is identical to model 1, which tests the religious economy hypothesis, except that I add four paths that estimate the effects of the four majority religious traditions on the measure of political influence. In other words, I add four variables to the model, each representing states that have a majority Catholic, Islam, Muslim, and Protestant population, respectively. If states that endorse a variant of Islam are more likely than the others to confer tangible benefits that would lead to the state religion's political influence, then the path from the variable "Muslim" to the variable "political influence" should be significant while the three paths for the other religions should be insignificant. The results, shown in Figure 7, substantiate the hypothesis. The variable "Muslim" has a significant effect on political influence, while the other religious traditions do not.

Figure 7: Effect of Religious Tradition on State Establishment with Tangible Privileges



Perhaps the most extreme example of a Muslim majority state establishing and supporting a state religion is Saudi Arabia. In Saudi Arabia, the establishment of Wahhabi Islam as the state religion has provided Wahhabism with a dominant political voice in the state's policies. The Saud dynasty, the secular ruling family of Saudi Arabia, provides the Wahhabi sect with exclusive access to political power, which the Wahhabi clerics use to influence the laws and policies that govern the state. The plethora of stringent and draconian laws that govern Saudi society illustrate the political sway of Wahhabism. The Wahhabi clerics are able to maintain their monopoly on the religious market by using their political influence to legally restrict the activities of minority denominations. In addition to providing the Wahhabi sect with privileged access to political power, the Saudi state directly funds Wahhabi mosques and pays the salaries of clerics.

Islam is also the established religion in Egypt, which is ruled by a secular regime as well. However, in Egypt, the state does not directly give Islamic institutions privileged access to political power, as does the state in Saudi Arabia. However, in Egypt, the state does financially subsidize the institutions of the mainstream denomination, Sunni Islam. For example, the Egyptian government runs the religious endowment program (*awqaf*), which provides Muslim institutions (most notably mosques) with property to carry out Islamic or charitable services. Other religious institutions, such as Christian churches, do not receive any government funding (U.S. Department of State 2009). The Egyptian government also financially endorses and controls both the Al-Azhar mosque and university which house the leading Sunni scholars and clergy (*ulama*). It is this type of subsidization by the government of a single religious denomination that makes it costly for other religions to obtain the numbers and resources to politically counter the weight of Sunni Islam in Egypt. As a result, influential Sunni Islamic institutions are able to influence state policy to restrict the religious freedom of minorities. For example, the Egyptian government appealed the 2006 decision of a lower court that had ruled in favor of state recognition of religious minorities (in addition to Christian and Jewish minorities, which were already recognized) and their eligibility to acquire a passport. The government appeal led to the 2006 ruling of the Egyptian Supreme Administrative Court, which overturned the lower court's ruling and instead ordered that the religious minorities not be recognized and be ineligible for a passport (U.S. Commission on International Religious Freedom 2006).

CONCLUSION

Understanding state policy on religious freedom for minorities from a religious economy perspective shifts the focus away from explanations that are based solely on essentialist understandings of specific religious traditions and doctrine to a general process that applies across states. By assuming that a basic set of preferences and interests drives the behavior of governments, denominations and their clergy, and followers, this perspective can account for intragroup variation between states of the same religion or government type. The main finding of this article is that the state's policy on the religious freedom of minorities is indirectly a function of the state's interference in the religious market. When the state interferes in the market by formally endorsing a religion, it likely produces a series of consequences that result in the state religion's wielding political power that is then harnessed to influence policies that discriminate against competitor denominations. The finding is robust after controlling for possible confounding factors, although democracy is inversely linked to restrictions but less substantively than the factors associated with the religious economy.

Although the process explains variation across religious traditions, it has specific implications for Muslim majority states. Once state interference in the religious market is controlled for, majority Muslim states are not associated with higher levels of discrimination. This indicates that the high level of restrictions found across the Muslim world is likely due to the preponderance of state-established religions that enjoy exclusive subsidies and political access, triggering the process that enables the state religion to monopolize the religious market and political influence. Because denominations and clergy have an interest in maximizing their number of adherents, the influence is used to limit competition by restricting the religious freedom of other denominations.

Muslim majority states are more likely to meaningfully endorse the state religion compared to their Christian counterparts, probably because of the strong link between Islam and governance historically and the holistic quality of the religion. These are traits that are not shared, at least currently, by Christian traditions. Perhaps the closest comparison among Christian traditions is pre-modern Catholicism, but the reforms of the 1960s did away with the close relationship between governance and religion in Catholic majority states.

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