

Liberté, égalité... religiosité[☆]Joan Esteban^{a, b, *}, Gilat Levy^c, Laura Mayoral^{a, b, d}^a Institut d'Anàlisi Econòmica, CSIC, Spain^b Barcelona GSE, Spain^c London School of Economics, United Kingdom^d University of Gothenburg, Sweden

ARTICLE INFO

Article history:

Received 19 May 2017

Received in revised form 19 April 2018

Accepted 20 April 2018

Available online xxx

Keywords:

Religiosity

Redistribution

Individual liberties

Political economy

ABSTRACT

We study the effect of religiosity on the political choices over redistribution and the legal restrictions on personal liberties. We assume that the more religious an individual is, (i) the less he enjoys the use of liberties prohibited by his religion; and (ii) the higher the negative externality experienced when others practice those liberties. We show that legal restrictions on liberties has an impact on income inequality. We find that when the religious cleavage in society is large, high intolerance due to negative externalities leads to a political outcome consisting of repression of liberties and relatively low taxes.

© 2018 Elsevier B.V. All rights reserved.

1. Introduction

Religions typically establish codes of behaviour which include well-defined rules and attitudes towards personal liberties and individual conduct ranging from gender roles, marriage, divorce and sexual behaviour, to restrictions on alcohol, dressing, and food consumption. As Becker (1996) points out, these norms are “internalized as preferences” and clearly influence individual decisions.

In many countries, religious individuals and organizations advocate that religious norms are regulated by law, so that they become mandatory for the whole population. The pressure to formulate such laws suggests a powerful externality effect: religious individuals or organizations may experience negative utility from the fact that others in society practice such liberties. Thus, while lifting restrictions on personal liberties can broaden the choices of the less devout, it may adversely affect the utility of the more religious.

Yet, the past fifty years have been recognized by historians as years of an on-going *rights revolution* in developed countries (Hitchcock et al., 2012), where legal restrictions over personal decisions have been substantially relaxed. A good example is the effect of the change in women's rights, namely the rights over their bodies and the lifting of restrictions on labor market participation. While the more permissive legal environment has allowed secular women to benefit from more choices in terms of family planning and career opportunities, religious restrictions in those areas may still constrain the more religious women.

In this paper, we show how such religious preferences affect the political choice of the legal limit of liberties. While the literature has extensively studied how religious restrictions affect individual behaviour,¹ our work is a first step in understanding how religious norms affect laws regulating individual liberties in the wider society. As a motivation, the following plot illustrates the cross-country correlation between the legal level of liberties and the country's degree of religiosity for the set of European countries studied in Esteban et al. (2017). The correlation between religious intensity and the Liberties index is -0.54 (see Appendix B for an extensive discussion).

[☆] We thank the Editor and two anonymous referees for helpful comments, as well as Peter Buisson, Raquel Fernández, John Roemer and David Stasavage. Joan Esteban and Laura Mayoral gratefully acknowledge financial support from the Spanish Ministry of Economy and Competitiveness through the Severo Ochoa Programme for Centres of Excellence in R&D (SEV-2015-0563) and grant number ECO2015-66883-P, Generalitat de Catalunya project number 2017SGR1359, and the National Science Foundation grant SES-1629370.

* Corresponding author at: Institut d'Anàlisi Econòmica, CSIC, Spain.
E-mail addresses: joan.esteban@iae.csic.es (J. Esteban), G.Levy1@lse.ac.uk (G. Levy), laura.mayoral@iae.csic.es (L. Mayoral).

¹ Iannaccone (1992), Berman (2000), and Carvalho and Koyama (2012) among many others.

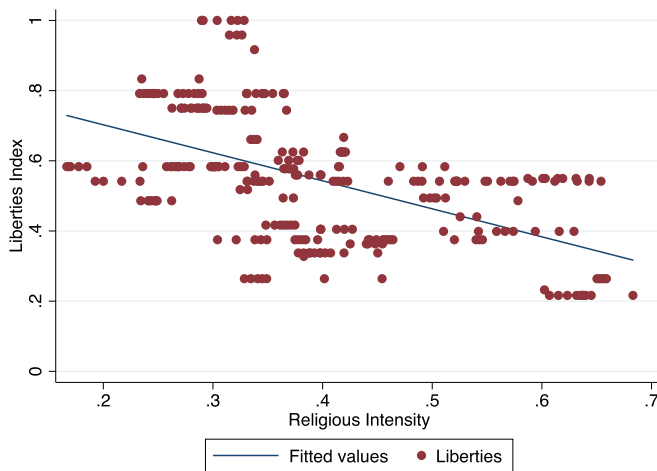


Fig. 1. Liberties Index and religious intensity. This graph plots country-level religious intensity for 34 European countries versus the Liberties Index, that captures the evolution of the regulation on issues such as abortion, divorce, women's rights, LGBT rights and euthanasia, for the period 2002–2012. A higher value of the Liberties Index implies laxer regulation. See Appendix B for definitions of the variables and sources.

We also highlight that the political choice of the legal limit on individual liberties is inherently linked to redistribution. Relaxing the legal regulation on individual liberties increases the choice set of the less religious individuals, while the more religious ones continue to be bounded by their own “moral” constraints. Moreover, the latter may suffer negative externalities. We show that these two effects can explain why poor religious individuals may prefer restriction of liberties along with low taxes, and how this can arise as a political outcome of a voting game.

The core argument is as follows. Relaxing the legal caps on liberties, for example, by authorizing the consumption of certain goods (alcohol, meat, etc.), or by allowing for a larger set of career and family planning choices, can incentivize secular individuals to work more relative to individuals who are constrained by their religious values.² As a result of the differential work incentives, wider individual liberties will increase income inequality. Hence, the more secular population will be in favor of broadening personal liberties together with a low income tax, as their (relative) income goes up. The more religious individuals face a trade-off. When the legal caps on liberties are relaxed, their religious beliefs make them relatively poor and, thus, their desired tax level increases. But the more religious they are, the higher the negative externalities they experience when others practice liberties. This makes them prefer to repress liberties and, since repression of liberties reduces income inequality, they will also favor a lower tax rate.

We thus obtain that when intolerance to others practicing liberties is relatively large, very religious poor individuals prefer repression of liberties and modest redistribution. There are many empirical papers establishing the link between religiosity and support for low taxes.³ But from our results, it follows that the right-wing positioning of poor religious individuals would not necessarily be driven by

a “forced choice” provoked by the specific policy mix of conservative parties, as suggested, e.g., in Huber and Stanig (2007). Our results imply that such a mix is in line with these voters’ preferences on the two dimensions.

We also analyze the outcome of a two-dimensional citizen-candidate model where politicians offer a bundle of redistribution and the legal cap on liberties. We obtain that the political outcome depends on which distribution has higher dispersion, the one over productivities or the one over religiosity. When the productivity gap is wide relative to the religious gap, then low productive individuals can “collude” so that, even for intermediate levels of intolerance, liberties and high taxation are the political outcomes in society. However, when the dispersion of religious beliefs is high compared with that of productivity, such intolerance levels will yield a joint outcome of repression of liberties along with lower taxes. Thus, while our first result illustrates that individual preferences can be composed of a mix of low liberties and modest redistribution, our second set of results shows that the political outcome itself can bundle restriction on liberties with modest taxation. The result that the political outcome in more religious societies is associated with lower taxes is consistent with the empirical evidence, as in Scheve and Stasavage (2006) and Palani (2008), who show that more religious countries redistribute less.⁴

Our paper is related to the literature on religious restrictions or sacrifices; specifically, many models in the literature show that religiosity and its restrictions on daily life, can decrease labor effort relative to non-religious. These are the implications of the models of Iannaccone (1992), Berman (2000), and Carvalho and Koyama (2012), who argue that religions strategically choose restrictions on individual liberties to induce labor or capital contributions, or induce individuals to participate in costly rituals and hence reduce their material productivity. As far as we know, ours is the first paper that explores the implications of religious preferences over liberties on society’s legal choices.

The nexus between religiosity and inherent preference for lower redistribution has been explained theoretically by several papers. Chen and Lind (2016), Ceyhan et al. (2013) and Huber and Stanig (2011) argue that the lower support for redistribution is caused by the preference for social assistance and eventual redistribution within the own religious community. In Scheve and Stasavage (2006) – see also Gill and Landsgaarde (2004) and Clark and Lelkes (2004) – the psychic benefit from religion allows individuals to cope with bad states which nullifies the need for social insurance and, hence, religious individuals prefer smaller governments. In Benabou and Tirole (2006), religion is a way of manipulating one’s beliefs in order to motivate continued effort so that religious individuals work harder and demand less taxes. Our model provides a complementary explanation showing how religious restrictions on liberties affect the distribution of income and, hence, preferences over taxation.

In terms of political choices, our model is related to the two-dimensional models exploring choices of redistribution as well as other variables, such as targeted transfers or other benefits to religious individuals. Roemer (1998) was the first to formalize the voting over redistribution and religious provisions and to show that all parties may propose relatively moderate taxes as a result of the two-dimensional competition. Levy (2004) analyzes a two-dimensional policy space, such as general income redistribution and targeted redistribution, and shows that the rich individuals may form a party with the religious poor that will reduce total taxation but target its

² The result that religiosity is associated with lower effort or labor supply has been attested by abundant empirical literature. Clark and Lelkes (2004), Berman (2000), and Lehrer (1995), among others, find that religiosity has a negative effect on labor supply. At the aggregate level, Barro and McCleary (2003) show that economic growth is negatively related to church attendance. We also provide more evidence on this in Esteban et al. (2017).

³ See Guiso et al. (2006), Stegmüller (2013) and De La O and Rodden (2008) who find that the relative importance of economic over moral issues displayed by individual preferences is increasing with income, so that poor individuals care more about “moral” issues. In our model, it is religiosity which makes one poor.

⁴ Palani (2008) finds a positive and significant relationship between inequality measures (the Gini coefficient and the ratio of top to bottom quantile) and the national average intensity of religiosity [obtained from surveys] using data from 80 countries of all continents.

Download English Version:

<https://daneshyari.com/en/article/7369382>

Download Persian Version:

<https://daneshyari.com/article/7369382>

[Daneshyari.com](https://daneshyari.com)