Religion and The Roots of Liberty and Prosperity

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Introduction: what does religion have to do with the twenty-first century?

God is changing—or at least the involvement with the God of western liberal societies is changing. In parts of Europe and in countries like Australia, the process of secularisation is accompanied by what appears to be the outright decay of familiar forms of religion. The changing position of religion in the west is a development that is often welcomed, and is probably facilitated, by high profile critics of religion such as the biologist Richard Dawkins, whose writings have popularised anti-religious attitudes among those who seem to hunger for un-belief.

In Dawkins’ own country, for example, the decline of Christianity appears to continue unchecked. The number of Christians born in Britain fell by 5.3 million between 2001 and 2011—that’s 10,000 per week. If that rate of decline continues, it is predicted that Christianity will have disappeared altogether from the British Isles by 2067.1 If the Church of England continues to decline at present rates, it is predicted to expire even earlier, in 2033. A recent report published by the Commission on Religion and Belief in Public Life...
went even further and declared Britain is already no longer a Christian country and should stop behaving as if it still were. The Commission, chaired by a retired senior judge and involving senior religious figures from all faiths, called for public life in Britain to be systematically de-Christianised.\(^2\) The Commission provoked a predictable backlash from many other religious leaders and was accused by the Church of England of having “fallen captive to liberal rationalism.”\(^3\)

This pattern is being replicated in many other western countries. Things appear to be not much better in Australia. Recent research indicates that the number of Australians identifying as Christians declined over two years by 8.3%—from 60.9% in 2011 to 52.6% in 2013 – while the number of those declaring no religious affiliation rose from 29.2% to 37.6% in the same period.\(^4\) Ironically, traditional Christian faiths are losing ground in the west while, at the same time, the increasing prominence of other religions, such as Islam, is putting different kinds of pressure on western governments and societies as they attempt to balance mounting concerns about domestic security against the challenge of strengthening social cohesion and integration. No wonder God is seen variously as too timid, too militant, or completely redundant.

The decline of religion as a social and cultural force is frequently associated with the decline of other traditional social institutions. Even 50 years ago, religious commitment more effectively reinforced ties of family, community and nation in countries such as Australia and the UK. Today those ties are weakening, along with the religious sentiments that used to underpin them, at mounting and under-appreciated cost. For instance, the loss of traditional family and community ties—which used to motivate citizens to undertake voluntary work in the various fields of social welfare—is in turn putting increased economic and political pressure on governments that are forced to step into the breach and fund an array of substitute care and support services for vulnerable groups of both young and old citizens.\(^5\) This is just one example of the far-reaching consequences of the decline of religion, which are being weighed and considered widely in the ever-expanding literature discussing the impact of secularisation.
In this fluid environment in which what were formerly held to be the eternal verities are anything but, it is becoming ever more important to understand the claims made by religion, and the challenges and contributions religious belief has made and continues to make to modern society. An understanding of the complex relationship between religion and the democratic liberties enjoyed in the West should be regarded as essential for maintaining social harmony. It should also be recognised that this is the appropriate framework that should guide individuals, governments, and other social institutions in forming proper responses to claims made in the name of religion. In contemporary western society, religion makes its varied contribution through the participation of faith-based agencies in the voluntary sector, by the promulgation of values and obligations that can foster a strong spirit of citizenship, and by affirming the moral basis of a liberal market economy.

Citizens committed to a free and open society should not underestimate the importance of religion to the health, liberty and prosperity of western liberal-democratic-capitalist societies, which are the freest and most prosperous in the history of the world. You don’t have to be religious to recognise that modern society has deep roots in religious principles and values; nor should you assume that the argument of this paper is grounded either in doctrinal or in ideological claims about God. Rather, the arguments for the importance of religion to modern freedom and prosperity are simply grounded in empirical claims about the significance of religious belief and practice for the health and well-being of western society.

Sociologists of religion debate vigorously both the extent and the nature of changing patterns of religious life. This paper can do no more than glance at the contours of the debate; but it will note them and question the extent of the supposed death of God. It will argue, first, that far from impeding or hindering it, religion actively contributes to the strengthening of individual liberty. Secondly, the paper will argue that failure to recognise the significance of this relationship between religion and liberty is likely to lead, in turn, to an indifference to the foundational liberal value of religious freedom — which can ultimately pose a grave threat to the health of civil society.
Definitions

At the outset, however, something needs to be said about the definition of religion, because it’s a concept that is notoriously hard to define. The purpose of religion can be said to be to encourage and sustain practices, values and experiences of specific kinds. These practices, values and experiences may be grounded in historical occurrences, their meaning is not described in the language of empirical, scientific observation but rather in the language of myth and metaphor. “Religious stories are to civilizations what dreams are to individuals,” says David Tacey. “They are symbolically encoded messages from the depths of the human soul… The scandal of atheism is that it not only strips back the false overlay [of historical interpretation], but it goes further and denies there is anything of value in religion.”

The truth of religious claims, therefore, does not reside in the results of empirical testing for meaning; it resides in the cultural imagination of the socially connected individual. According to the Macquarie Dictionary;

“Religion is the belief in a supreme supernatural power or powers thought to control the universe and all living things, and a particular formalised system in which belief is embedded.”

At various times, Australian courts have worked hard to satisfactorily define religion. The most comprehensive discussion of religion by the High Court of Australia arose in a case about tax exemption known as the Scientology case. Although no definition of religion attracted the support of a majority of the justices, that formulated by Mason ACJ and Brennan J is considered to be the clearest definition for legal purposes. They adopted a two-part test according to which a religion must consist, first, of belief in a supernatural being, thing or principle, and second, of the acceptance of canons of conduct giving effect to that belief.

Broadly, then, the phenomenon of religion can be understood as having its roots in the awareness of a command from a supreme being
that spurs a quest for the values of the ideal life expressed, or manifested, in terms of dutiful obedience. Religion may be characterised by a belief in supernatural, transcendent agents and powers that make demands of, and produce transformations in, adherents by imposing a standard of moral behaviour on the believer that sets criteria of conduct.

The Religion and Civil Society Programme (RCS)

A word also needs to be said about the intent of this paper, which is a publication of the Religion & Civil Society (RCS) program at the Centre for Independent Studies (CIS). The term ‘civil society’ refers to the aggregate of non-government, community, and not-for-profit organisations that express the interests and concerns of citizens. In order to distinguish it from the government and business sectors, civil society is sometimes referred to as the ‘third sector’. As such, civil society is given its shape and cohesion both by the individual bonds people form with one another and by the organisations they establish to further their shared political and social interests.

The CIS is strongly committed to sustaining and strengthening the bonds of civil society and to promoting notions of good citizenship. Although it is a secular organisation with no religious affiliation, the CIS holds that one of the foundational factors of a liberal society is religion – not because of any particular doctrinal or ideological teaching, but because of the social cohesion that religion and religious allegiance contribute to the strength of a liberal society. It was on this basis that the CIS established the RCS program in order to encourage, on the one hand, believers to think about the public impact that their religion makes; and, on the other, non-believers to see religion not as a series of doctrinal propositions but as something that has a broader social and cultural impact.

This is the nature of the enquiry undertaken here: my purpose is to identify the religious foundations of liberal society — foundations it is easy to take for granted, to ignore, or even to despise — and to examine five principal issues with which religion is engaged: liberty, secularisation, capitalism, economic prosperity, and civil society.
1. What does religion have to do with liberty?

Some defenders of God say religions are what their founders say they are. Nothing more is needed than a close and literal reading of the holy texts: these are the ones who have little use for the tools of literary criticism. Other defenders, however, say religions are malleable and reflect both the contemporary needs of society and the contemporary world view of the believer: these are the ones who appeal to the power of myth and metaphor when thinking about God. According to the proponents of malleability, religion is, in part, a reflection of social structure. Therefore, it is reasonable that the virtues of religion may change as cultural developments change that structure.

While they each take a different view of the evolutionary history of God, both sets of advocates are making more frequent appeals to the religious – and more usually, Christian — roots of western civilisation. For example, in his book *Inventing the Individual: The Origins of Western Liberalism*, intellectual historian Larry Siedentop built a compelling argument that Christianity, with its central egalitarian moral insight about individual liberty, played a decisive part in the development of the individual and the concept of individual liberty. The emergence of the free individual brought with it a new social status that expressed individual agency and the capacity to give informed consent, together with a legally enforceable right to exercise that liberty. The franchise was the political expression of consent; the contract, the economic expression.

Sovereignty of the individual is one of the cardinal tenets of classical liberal thought. It is a freedom grounded in reason. As political scientist Joshua Mitchell has noted, “The Liberal account is that the meaning of history is the slow, halting, and perhaps impermanent emergence of the sovereign individual, in whom reason dwells and from whom freedom cannot be alienated.” This sovereignty of the autonomous individual entails that he or she takes priority over the family, tribe or community while remaining informed by the values, cultures, beliefs and customs of the clan. Indeed, it is the very fabric of community life that forms the social context within which the individual develops the capacity for reason in which freedom is grounded.
Religion takes its place alongside the family and the school room as a crucial component of what Mitchell describes as this “mysterious and ineffable” social fabric. It’s mysterious and ineffable, he says, because when absent, it cannot be manufactured at will:

“The hallowed institutions that make such education unto reason and freedom possible are the family, churches and synagogues, local schools, a free press, and civic associations – all of which form citizens-in-training so that they become fit for self-governance. This, in turn, makes citizens governable by a modest national power that understands that the institutions of society accomplish vital pre-political and pre-economic tasks necessary for Liberal politics and market commerce to work at all. [Italics in original] ”

In other words, this formation of the individual is pre-political and pre-economic in the sense that without it the political and commercial life of a free—that is, capitalist—society would barely be able to function at all; it creates the environment from which the individual emerges and in which he or she can flourish and bid in the market place for the use of scarce resources that have alternative uses, to adopt Lionel Robbins’ famous definition of economics.

Yet this liberal vision of the individual who functions within the overlapping complex of politics, society and economics is also a provisional one. Neither human beings nor the institutions they create are perfectible, at least not on earth, and better arrangements are always likely to emerge. Certainty must give way to hope. Even so, many religious people are offended by the impermanence of the liberal vision and the absence of a state of perfected permanence.

2. What does religion have to do with secularisation?

Statistics and trends of the kind cited in the introductory paragraphs of this paper have been generally so persuasive that it has become almost commonplace to hold that western nations are in the grip
of secularisation and that religion is being forced out of the public arena. There is nothing new, however, about what has come to be known as the secularisation thesis. According to Rodney Stark, social scientists and “assorted western intellectuals” have been promising the end of religion for nearly 300 years. The literature on secularisation is vast and, as is to be expected, there is some disagreement about the definition of the word. Broadly, however, secularisation refers to the processive cultural displacement of religion by other social systems of organisation and meaning, and the consequent loss of religion’s authority in society. Frequently, it is held that science will displace religion and that no other explanatory model will be required. As anthropologist Anthony Wallace prophesied 50 years ago:

“The evolutionary future of religion is extinction. Belief in supernatural beings and supernatural forces that affect nature without obeying nature’s laws will erode and become only an interesting historical memory… Belief in supernatural powers is doomed to die out, all over the world, as the result of the increasing adequacy and diffusion of scientific knowledge.”

It’s a disputed argument. “Christianity was never meant to be an explanation of anything in the first place,” says literary theorist Terry Eagleton—who happens to be both Marxist and atheist. “It is rather like saying that thanks to the electric toaster we can forget about Chekhov.” Nonetheless, those who advance the argument also tend to regard secularisation as an irreversible process; once it sets in, like rising damp, it can be extremely hard—or even impossible—to eradicate.

Even though religion has declined sharply in some areas of the world, other areas have seen a tremendous rise in the influence of religion in political and social life. Global trends in the last 50 years, however, have begun to confound the predictions of divine demise. Far from being dead, God appears to be resurgent, and religion continues to make an important contribution to civil society.
to need a different kind of God to suit the different needs of each age. Atheists, of course, insist both that God is not, and that the age requires that God is not. They prosecute their claims with a zealous fervour that moves some but fails to stir many others. Their aggressive hostility to religion aims to establish unbelief as the norm for our society; instead it often provokes a counter-response. For there remain plenty of defenders of the divine, although it is to be expected that they don’t all say the same thing.

A common argument that dominates many discussions of religion and secular society is that such societies are invariably irreligious and that the demand for religion has collapsed. In other words, religion is in decline because potential consumers no longer find the need for faith in the supernatural. Recent research has begun to show this is simply not so—although those looking for signs of decline can certainly find them in the falling fortunes of what had previously been considered mainstream religious groups. According to leading Australian sociologist of religion Gary Bouma:

“In secular societies religion and spirituality have seeped out of the monopolistic control of formal organisations like churches. This has resulted in vastly increased diversity of both organised religion and private spiritualities. In this newly emerging context, sociologies of religion that focus on religious organisations...are likely to miss much of the action, particularly if attention is paid to those that were prominent, mainstream and influential through much of the twentieth century.”

This is an important point, for it is the mainstream religious groups that, for the most part, have found themselves marginalised in Australian society; religion has become more of a private matter for individuals who choose for themselves the extent to which they wish to be involved. “Marginalisation is a complex process,” says Bouma, “that involves both active pushing of the churches out of the centres of power and the churches’ willing withdrawal to a narrower range of involvement.” But the social and political re-location of mainstream
religious institutions is not the only—or even the dominant—theme of secularisation. Australia’s religious life has become much more diverse over the last 75–50 years as it has become less tied to formal organisations and less dependent on professional leadership. It has also seen the emergence of different religious and spiritual practices as the appetites of Australians continue to evolve in favour of feelings and experience. Far from being in terminal decline, says Bouma, Australian spiritual and religious life is alive and well.

“Many religious groups and spirituality movements are rising to the challenge of responding to the demand for connection with the transcendent in ways that continue to engage a world they may find hard to understand but are prepared to live in and try to shape.”

The marginalisation of the religious main stream is also a phenomenon examined by Rodney Stark and Laurence Iannaccone who have sought to account for fluctuations in religious participation in Europe by proposing it is inefficiencies of supply that have had more to do with apparent secularization than any weakening of religious demand. Lack of demand cannot account for low levels of religious participation, Stark and Iannaccone argue; rather it is the varying vitality and variety of ‘religious suppliers’—by which they mean organisations whose purpose is to supply the religious needs of individuals.

“What is needed is not a theory of decline or decay of religion, but of religious change, providing for rises as well as for declines in the level of religiousness found in societies, and indeed a theory that can account for long periods of stability.”

In countering popular but, they argue, misconceived theses about secularisation, Stark and Iannaccone propose that ‘subjective religiousness’ varies far less than widely supposed. Analysis needs, instead, to shift from the psychological postulates of religious needs to
sociological postulates about the efficiency with which suppliers meet religious demand.\textsuperscript{21}

Even when sympathetic to these arguments, some scholars, such as Mary Eberstadt, remain unconvinced. The environmentalist’s concern for the welfare of the planet, or the yogic’s striving for some form of unitary experience, amount to little more than an earthly desire for health, meaning and well-being, says Eberstadt.

“Positing Christian religion as existing on a continuum with more nebulous forms of ‘spirituality’ becomes problematic… How many doctrinal particulars can be jettisoned before any given individual can fairly be called un- or even anti-Christian, un- or anti-religious? At what point would St Paul, say, find this modern syncretic ‘Christianity’ altogether unrecognisable?”\textsuperscript{22}

The debate about the secularisation thesis is a big one and it is difficult to reach a definitive, empirically confirmed conclusion. Nonetheless, it remains to be considered that those who persist on arguing that religion need no longer be considered a significant component of twenty-first century life, and look only to the vitality of mainstream religious institutions and organisations as evidence for their claims, are misleading themselves. It’s not so much that God is back, as God never left in the first place.

3. What does religion have to do with capitalism?

So successful was the late televangelist Dr Robert Schuller, who died in April 2015, that \textit{The Economist}, in paying tribute to him, considered him the leading example of a very American businessperson: the “pastorpreneur”.\textsuperscript{23} Schuller took the principles of business, applied them to religion, and built a huge religious empire. His flagship program \textit{The Hour of Power}, which Schuller himself hosted until 2010, enjoyed an audience that peaked at 20 million viewers in about 180 countries.
But *The Economist* noted that for all his business acumen and customer focus, Schuller failed to keep his empire from falling into bankruptcy. The empire collapsed, in part, *The Economist* said, “because [Schuller] failed to think about how to adapt it to a changing and more crowded market.” Two factors in particular—poor succession planning, and a failure to react to the presence of nimble new competitors—contributed to the empire’s sclerosis and meant it was no longer able to command its place in the market place of televangelism.

Done over by the market, then; defeated by the impersonal forces of greed and self-interest. Is that a fair way of describing the fate of the life’s work of a Christian ministry whose theology may not have been to everyone’s taste but whose zeal for mission can hardly be doubted? Is that the way the market ought to function in a modern economy? Religious believers often react with chilled hostility to the functioning of the modern market economy and many Christians, in particular, have always had difficulty in coming to terms with the market place ever since those heady days of the early church when the Apostles flirted with communism.25

In 2015, Pope Francis joined this chorus of opposition to the market economy with remarks made in his encyclical *Laudato Si* in which he calls for a contraction of economic growth in the West, enforceable international agreements to cut carbon dioxide emissions, and an agency to oversee the redistribution of wealth between nations. In the eyes of such critics, the profit incentive, the self-interest of the individual, and the spirit of competition for scarce resources have all contributed to render the market economic system morally indefensible. The unfettered pursuit of money is “the dung of the devil”, Pope France said during his visit to Latin America.26

There is much to criticise in today’s materialistic culture, but it is surely odd that critics such as the Pope can overlook a clearly demonstrable historical fact: the market economy has transformed communities and countries from widespread poverty to remarkable levels of prosperity. Markets have lifted people from poverty to a degree no amount of foreign aid could match. The free functioning
of the market economies has generated wealth, raised standards of life and health, and empowered individuals with the freedom to make choices for themselves and their families rather than submit to decisions made for them by the centralised state. And the central agent of capitalism is the entrepreneur—the one whom Joseph Schumpeter identified as “the pivot on which everything turns.”27 As economist Razeen Sally has observed, “capitalism is [not only] the central nervous system of market society… [it] also transforms political systems and social relations.”

“But its future is not inevitable. For capitalism to progress, it needs the right framework conditions, above all to allow entrepreneurs to work their magic. Private property rights and freely forming prices are among the essentials to keep the system open to entrepreneurial activity.”28

A certain element of this transformation must be understood in terms of moral behaviour and, in particular, the moral dignity of the individual whose liberty and autonomy surely underpins the very concept of the market place in a capitalist system.

Noting changes in preferences among US consumers on the day after Thanksgiving, known as ‘Black Friday’, the Acton Institute’s Gregory Jordan remarked: “Unlike top-down, command and control approaches such as socialism or crony capitalism, the market economy responds to what people actually want. This means that retailers who wish to make a profit must be sensitive and responsive to consumers’ moral concerns… The real question is not does morality inform the market but whose morality informs the market.”29

To the extent that the market allows human freedom, it surely pays respect to human dignity. For acting in the interests of the self—that is, acting out of self-interest—is not the same as acting selfishly. We can accept that selfishness is a distorted form of self-interest, but not that self-interest bears the same moral weight as selfishness. The Christian economist Brian Griffiths has observed that: “As [Jesus’ command] to love out neighbour as ourselves confirms, it can be
characteristic of the highest as well as the lowest forms of human behaviour... The Christian should accept that self-interest as well as selfishness as hallmarks of the world in which we live.”

The viewpoint opponents of the market economy have is usually distorted by a fallacy that sees life in society as one in which every success is someone else’s failure. It’s a zero-sum fallacy according to which the ‘losers’ pay for all the gains made by the ‘winners’. We see this, for example, in the often strained relationship between the concepts of ‘competition’ and ‘co-operation’. Defenders of the market often emphasise the benefits of ‘competition’ as a way of promoting adaption and change. Competition keeps us on our toes. But to opponents of the market, ‘competition’ is an inflammatory word evoking images of ‘dog-eat-dog’ and ‘cut-throat’. It’s not competition we need, say the market opponents, but co-operation.

Of course, ‘competition’ does not mean ‘Give it to me, or else’; and it doesn’t entail aggressive or bullying behaviour. It’s best understood as the activity of making common cause, of striving together with others in order to achieve the best outcome to a problem. As Brian Griffiths observes, “In judging the ethics of competition we have to compare them with the ethics of alternative systems, such as the allocation of resources according to political criteria.”

In other words, shall we determine the allocation of resources ourselves, or shall we let the government do it? This is one of the decisive points which distinguishes the Liberal from the anti-Liberal view:

“For the Liberal, we’re not only free; we are, in addition, disposed to abuse that freedom. For that reason, Liberals argue, market commerce, in which no entrepreneur can be a permanent winner, is less tyrannical than is a command economy, in which a permanent 1 percent always seems to hover over the remaining 99 percent.” [Italics original]

The anti-Liberal’s antipathy to competition betrays the very problem of the zero-sum fallacy. Philosopher Roger Scruton is one thinker who argues that the prevalence of the zero-sum fallacy has corrupted the way we think about wealth creation because “it underlies
the wide spread belief that equality and justice are the same idea.” Scruton goes on to say:

“The result has been the emergence in modern politics of a wholly novel idea of justice—one that has little or nothing to do with right, desert, reward or retribution, and which is effectively detached from the actions and responsibilities of individuals.”\(^{33}\)

Returning briefly to the example of Robert Schuller’s Crystal Cathedral, it is worth asking again whether his ministry was ravaged and destroyed by the impersonal forces of greed. Or did something else happen? Might it not be the case that the market, in a process of what Joseph Schumpeter called “creative destruction”, saw that the scarce resources Schuller had gathered for his work might be allocated, distributed and used more effectively in other ways? And if so, who did this? Who brought this about? The government, perhaps? Or a centralised bureaucracy? Neither, of course. It was brought about by the interactions of many people. It was brought about by the market. “Perhaps the biggest myth about markets comes from the name itself,” observes Thomas Sowell in his book *Basic Economics: A Common Sense Guide to the Economy*.

“We tend to think of a market as a thing when in fact it is people engaging in economic transactions among themselves on whatever terms their competition and mutual accommodations lead to. Too often...when a market is conceived as a thing, it is regarded as an impersonal mechanism, when in fact it is as personal as the people in it.”\(^{34}\)

The market is personal; it comprises freely thinking and acting individuals who make decisions for themselves and make choices according to what is most important to them. Indeed, as the Cato Institute’s David Boaz has remarked, this activity of individuals engaging, choosing, allocating and prioritising means the market is an
essential element of civil society because they are key features of the free engagement between individuals. 35 “Cooperation is as much part of capitalism as competition,” says Boaz. “Both are essential elements of the simple process of natural liberty, and most of us spend far more of our time cooperating [with people] than we do competing.” 36 And both are essential components of capitalism that has done more than any other economic system to confer freedom, to create wealth, and to lift people out of poverty.

4. What does religion have to do with economic prosperity?

One often overlooked form of freedom is emerging as a very important factor associated with growth of economic freedom and prosperity. This freedom is freedom of religion, which one recent study showed to be significantly associated with global economic growth.

Most definitions of religious freedom begin with—or at least take into account—that set out in the United Nations Universal Declaration of Human Rights 1948, which includes the freedom to believe and disbelieve, and the freedom to refuse to participate in religious practice. 37 A leading thinker who promotes awareness of the importance of religious freedom for economic growth is Brian Grim, who advances the thesis that religious freedom contributes to better economic and business outcomes. This is an idea that builds on the religious economies viewpoint developed some years ago by thinkers such as Rodney Starke, which holds that as restrictions on religions by governments increase, adverse outcomes for religion and society result; and that one of these outcomes is more violence, not less.

In his recent research, Grim found a positive correlation between religious freedom and 10 of the 12 pillars of global competitiveness as measured by the World Economic Forum’s Global Competitiveness Index. For example, the study found innovative strength to be more than twice as likely in countries with low religious restrictions and hostilities. 38 Although Grim acknowledges his research does not establish a causal connection between religious and economic freedom, he does argue for a relationship between religious freedom
and economic and business growth, and that the matter deserves serious consideration because of important implications for business.

“One implication may be that businesses would benefit from taking religious freedom considerations into account in their strategic planning, labour management, and community interactions… Countries with good records on religious liberty may provide a favourable environment in which to practice innovation and experimentation.”

Just how does religion benefit business? Grim’s thesis, in short, is that religious freedom is good for business because it fosters respect, it reduces corruption, it engenders peace, it encourages broader freedoms, it develops the economy, it overcomes over-regulation, and it multiplies trust. These themes are picked up in the work of economist Wolfgang Kasper who recognises the role of religion as one of the factors contributing significantly to the institutions upon which the modern economy depends. Kasper defines institutions as “the rules of human interaction that constrain… individual behaviour; they make the actions of others more predictable, thus facilitating the division of labour and knowledge, and therefore wealth creation.”

These institutions, therefore, describe the context within which the exchanges of economic life take place and, by producing patterns of predictable behaviour, lower the costs of coordination entailed by economic exchange. Where do these institutions come from? They come about in various ways: as ‘internal’ systems shaped by human experience, such as religion, custom, and ethical norms; and as ‘external’ systems specifically designed and created by others, such as legislation and regulation. But the key point, when it comes to evaluating the importance of religion to the activity of economic exchange, is to note that institutions, of which religion forms an important part, “define a community… and constitute the ‘social cement’ that makes and defines a society.”

Of course, this is not to suggest that religion should ever drive economic or social policy. Indeed, Kasper is emphatic that the liberal
state must also—and always—be a secular state. As he says, “We must. . . realise one of the major achievements of Western civilisation is the separation of religion and government, the secular state.” Nothing in the advocacy of religious liberty should be interpreted as a veiled desire to dismantle that separation.43

Whereas religion appears to be good for economics, it remains the case, nonetheless, that religious people—Christians, in particular—seem to have particular difficulty in coming to terms with what economics is about. They worry about the concepts of ‘equality’ and ‘fairness’, and are suspicious that the market economy simply allows the rich to grow richer at the expense of the poor. Of course, it’s not just religious people who worry about all this.

While applauding the recent decision of Facebook founder Mark Zuckerberg and his wife to hand over 99 per cent of the shares they own (currently valued at $45 billion) to the Chan Zuckerberg Initiative to support charitable work, The Economist decided that the donation raises a couple of thorny questions:

“The first concerns how such a staggering fortune could ever have been accumulated; the second whether philanthropy can salve the sting of the increasingly unequal distribution of wealth that it exemplifies.”44

The rich do, indeed, appear to be getting richer. The Economist cites research that suggests the share of American wealth held by the richest 0.1% of households rose from 7% in 1979 to 22% in 2012. “Even the 1% of Facebook shares Mr Zuckerberg plans to retain is worth $450 million—400 times the lifetime income of the median college graduate.”45 One reason economists worry about unequal distributions of income, according to The Economist, is that it may be a sign of inefficiency and a distortion of the market. Another concern, however, is that as wealth concentrates in the hands of fewer people, citizens in democratic, liberal societies may begin to lose faith in the capacity of markets to distribute resources fairly.

Given that religion, in the most general terms, is concerned with human well-being and the development of certain modes of living,
it is understandable that religious people are often suspicious of economics and economic policy-making, suspecting them of seeking to be the only legitimate basis for evaluating public welfare. But of course, this suspicion is largely unfounded. “Economic models are to be used, not to be believed,” an economics teacher once remarked to his class. His point was to warn his students against taking the conclusions of economic analysis as articles of faith.

What economics can do is assess political policies for their capacity to improve material standards of prosperity and well-being. It does this by analysis of cause-and-effect relationships in an economy. “The purpose of economics,” says Thomas Sowell, adapting the dictum of Lionel Robbins, “is to discern the consequences of various ways of allocating scarce resources which have alternative uses. It has nothing to say about social philosophy or moral values, any more than it has anything to say about humour or anger.”

Religious people can fail to grasp the significance of scarcity when considering economics and may attempt to use scriptural teaching to argue that far from being the normal state of affairs, scarcity is an indicator of human failing; needs and wants are unmet now, but with effort and application—and heartfelt repentance, too—this can be overcome. Abundance is the divinely ordained norm, they say, and it is only human greed that prevents us from enjoying the overflowing fullness of everything. But is that realistic?

Thomas Sowell argues that the notion of ‘unmet needs’ is one of the most profound misconceptions of economics. But if economics is about the use of scarce resources, some needs will always be unmet because resources are scarce; government assistance programs will never be able to meet those needs. Nor should resources necessarily be committed to attempting to meet them. As Sowell notes, “Merely demonstrating an unmet need is not sufficient to say that it should be met—not when resources are scarce and have alternative uses.”

The application of scarce resources to meet some needs will always entail trade-offs that leave other needs unmet. While the values associated with religious belief and practice may help foster a free, healthy culture for prompting prosperity, it is the case that economics cannot be expected to serve a specifically religious function.
“Economics is not a religion,” says Christian and economist Professor Ian Harper.

“Economics attempts to understand the material world. It does not promulgate a philosophy of life, much less a set of metaphysical values by which people might attempt to live worthwhile lives.”

Good economics is not synonymous with good public policy. When religious people want to advance non-material objectives in society, they need to advocate for changes in public policy rather than grumble about economics and economists. They must argue for a trade-off with gains in material welfare. This is a political, rather than economic exercise, which demands attention to a wider set of criteria than the merely material. At the heart of that exercise lies a series of rights, grounded in fundamental freedoms that promote the free exchange of ideas, the free exchange of resources, and the free ordering of individual choices and preferences.

“The modern business economy has [as] its basis human freedom exercised in the economic field,” said Pope John Paul II in his encyclical Centesimus annus published back in 1991. “We acknowledge the legitimate role of a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied.”

The meeting of economic need turns upon the principle of reciprocity, a principle upon which the liberal democratic model of citizenship is based: in return for freedom conferred upon the individual, so the individual contributes to the strengthening of a free-thinking civil society animated by the spirit of public reason. With their well-developed theologies of the human person, religions such as Christianity and Judaism can add great thickness to the moral basis on which economic life is conducted. By the articulation of these rights, religion serves as an institution to protect individual freedoms and to forge the basis for human prospering.
5. What does religion have to do with civil society?^{53}

Many Australian not-for-profits (NFPs) have a religious basis, although the ethos by which they foster citizen engagement is, by and large, secular. Service clubs, youth organisations, charities large and small, choral societies, and others, have a strong presence in Australia; but as the times change, the reach of NFPs is widening. There are some 700,000 charities and NFPs operating in Australia; they employ 900,000 people and attract the involvement of 4.6 million volunteers. Many charities functioning in Australia today either remain, or were in their early days, Christian organisations, such as the St Vincent de Paul Society and the Benevolent Society.^{54}

Charity should be understood as an essentially private impulse informed by a community ethos concerning the perceived needs of other members of the community. Voluntary associations such as charities and NFPs play an important role in helping individuals organise their lives and order their resources independently of the state. This, in turn, fosters the individualism that is integral to civil society and which was defined by the late Kenneth Minogue as “the practice that accords to some personal acts, beliefs and utterances a legitimacy that may conflict with the dictates of custom or authority.”^{55}

Whereas a strong spirit of individualism fosters social association and cohesion, however, these are diminished when individuals have removed from them any responsibility for marshalling their resources with prudence and thrift. The more individuals are inclined to depend upon government for provision and protection, the more likely it is that freedom and individualism will diminish.

This is a particular problem compounded by the phenomenon of “crowding out”—the effect brought about by the expansion of taxpayer-funded (that is, public) relief in response to communities’ perceived needs. Increased amounts of funding from public as opposed to private sources mean charities that formerly depended on voluntary action are now working in much closer conjunction with the state. Anthony Daniels, writing as Theodore Dalrymple, has remarked upon the effect of this development in the United Kingdom:
“In Britain, the distinction between charity and government has been blurred to the point of eradication by the fact that government, local or national, is often the largest contributor to charities—sometimes, indeed, almost the only one. And he who pays the piper calls the tune.”56

Of course, the functioning of voluntary associations will not necessarily always be especially ordered or even efficient; but if such associations are removed, crowded out, or stifled by over-regulation, the health of civil society will almost certainly suffer. In the course of debates in the UK House of Lords during the passage of the bill that became the Charities Act 2006, Lord Dahrendorf said: “A thriving civil society is the basis of a liberal order and a thriving civil society consists of a creative chaos of voluntary and essentially private activities by individuals and their associations.” Dahrendorf argued it was important to recognise this creative chaos and that this was best done by encouraging a lighter regulatory approach for smaller charities while imposing the discipline of consumer choice on those larger charities that accept government contracts for the delivery of public services.57

A fashion for ‘progressive’ reform has led successive Australian governments to tinker with the regulatory framework guiding the work of NFPs as the scope of that work undertaken by NFPs has, itself, undergone change. The most recent change to regulation saw the creation of the Australian Charities and Not-for-Profit Commission (ACNC) in 2012 following an earlier report from the Productivity Commission. 58 Whereas at one time NFPs might have described their work in terms of providing social or community support to those in need of it, they now tend to think of their roles in terms of ‘service delivery’. It is a change of worldview accompanied by an increasing willingness to rely on public funding rather than on efforts to generate private funds or commercial income.

One of the consequences of this changing worldview is that organisations that were once voluntary and private now tend to be seen by policymakers as a means to achieve public policy objectives.
Whereas at one time they largely depended on private, voluntary action, today the charities and not-for-profits depend so much on high levels of taxpayer funding to do their work that the larger entities have all but become lobbyists on behalf of government.

As their worldview changed, it did not take long, in turn, for the social priorities of the NFP sector to align more closely with those of the funding departments of government. As those priorities have shifted in this process of policy instrumentalism, the value of social capital, understood as the capacity of people to voluntarily associate with each other for mutual benefit or service to others, has been debased. Perhaps it is this eclipse of social capital at the heart of charitable ventures that has given rise to doubts about the likely effectiveness of the new regulatory body—for the very nature of charity and charitable purpose appears to be changing.

**Conclusion: Believing without belonging—subjective faith and the hallowed institutions of society**

A principal theme of this Occasional Paper has been that religion in western liberal societies such as Australia is neither dead nor about to die; and that, even as forms of religion evolve, it continues to inform the values and moral orientation of many citizens of those societies. While not following a trajectory of straightforward downward decline, there is, however, enough evidence to indicate that religion waxes and wanes at different times and that in our own day mainstream institutional religion is under particular pressure. This is not to say such pressure amounts to inevitable and terminal decline. Indeed, the failure of their predictions that science would finally drive religion both from the public square and the individual conscience has confounded many critics of religion.

But surely those who persist in arguing advances in the explanatory capacities of science and technology will soon displace religion are somehow missing the point of what religious faith is about. Terry Eagleton, for example, has argued religion does not compete with science to offer explanations of reality. Rather it offers a vision of how human beings are to live together, identifying love as the ideal focal
point of human history. Eagleton has given an insightful account of what faith—specifically Christian faith—means to him, and it is worth quoting in full:

“Faith...is not primarily a belief that something or someone exists, but a commitment and allegiance—faith *in* something which might make a difference to the frightful situation you find yourself in, as is the case, say, with faith in feminism or anti-colonialism. It is not in the first place a question of signing up to a description of reality, though it certainly involves that as well. Christian faith, as I understand it, is not primarily a matter of signing on for the proposition that there exists a Supreme Being, but the kind of commitment made manifest by a human at the end of his tether, foundering in darkness, pain, and bewilderment, who nevertheless remains faithful to the promise of transformative love.”

Eagleton is, himself, an atheist and is not urging people to take up the yoke of religious conviction; nor does he defend capitalism which he regards as “inherently atheistic”. Without pressing a case for fideism, Eagleton is, however, urging us to take seriously the significant philosophical differences between the discourse of science and the discourse of faith. “The quarrel between science and theology, then, is not a matter of how the universe came about, or which approach can provide the best ‘explanation’ for it. It is a disagreement about how far back one has to go, though not in the chronological sense.”

Yet just as scholars have identified ways in which the form of religion is changing, so religion continues to be a significant cultural factor around the world. Indeed, Christianity, followed by Islam can almost be described as—and indeed, probably are—global mass movements. More locally, we are seeing changes to patterns of religious life in twenty-first century Australia; changes that have in fact been underway for some time. The fact of religious institutional decline remains; but this leaves sociologists of religion with the challenge of accounting for how a weakening of the need to belong to a religious group appears not to have been accompanied by a weakening of the desire to believe—the phenomenon of what Grace Davie refers to as “believing without belonging”. Belief without participation helps
account for one of the key changes in religious practice, namely that whereas twentieth century religious belief and practice functioned as identifiers for communities and individuals, in the twenty-first century they function increasingly as sources of hope. According to Gary Bouma:

“Religion and spirituality in Australia is about hope, the production and maintenance of hope through actions, beliefs, practices and places that link the person and/or group to a reality or frame of reference that is both beyond the immediate perceptual and material frame and deeply imbedded within the person.”

This paper does not assert that religion will never wither and disappear both from view and from practice; but it does assert that predictions of its demise have so far been wrong. It has also sought to establish that, confounding the ardent evangelists of the secularisation thesis, religion continues to make an extremely important contribution to the health and vitality of liberal society, and that one way this vitality can be undergirded is by forging an enduring political and social commitment to the fundamental human right of religious liberty.
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37 Article 18(1) of the Universal Declaration of Human Rights 1948 states: ‘Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.’
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God appears to be resurgent in 21st century societies around the world. As our awareness of the claims made by religion becomes more acute, it is ever more important to understand those claims as well as the challenges and contributions religious belief has made, and continues to make, to modern society. An understanding of the complex relationship between religion and the democratic liberties enjoyed in the West is essential for maintaining social harmony and strengthening the liberties we have come to take for granted. This Occasional Paper explores that relationship and argues that it has never been more important to understand that the relationship between religion and civil society provides an appropriate framework for guiding individuals, governments, and other social institutions in forming proper responses to the claims frequently made in the name of religion.

The Reverend Peter Kurti is a Research Fellow co-ordinating the Religion and Civil Society program. The program examines the implications of a liberal approach to religion in civil society and investigates the capacity of that society to maintain freedom for expression of religious values.