

The economic effects of beliefs: Religion and wealth in rural America

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Based on a newly collected database of 4,750 adult males in rural Illinois in the 1870s, this article examines how religion beliefs influenced economic behaviour in the past. The Weber hypothesis of the Protestant origins of capitalism has been empirically revisited using mostly aggregated data of people's religion at country or regional level (La Porta et al., 1997; Blum and Dudley, 2001; Noland, 2005; Aldashev and Platteau, 2014; Iannaccon, 1998). However, many scholars are sceptical about the causal effects of religion on economic development because potential problems of endogeneity (Aldashev and Platteau, 2014; Iyer, 2010). Moreover, some authors have found that Protestantism affected negatively per capita income growth in some historical contexts (Delacroix, 1995; Delacroix and Nielsen, 2001; Tawny 1926; Gorsky 2005). By using individual-level data, this article avoids the problems of endogeneity and confounding factors and examines whether religion might affect economic development by shaping and constraining individuals' behaviour.

Individual-level data of religious affiliation of about 4,750 adult males was drawn from *The Past and Present* directories of voters and taxpayers of seven Illinois counties ((Bureau, DeKalb, Henry, Kendall, Logan, Rock Island and Warren) for 1876 and 1877. These directories constitute the only source to study religious affiliation at an individual level in 19th century United States because asking about religious beliefs was illegal for the government. Information about wealth and other socioeconomic data was found by tracing back each of respondent from the county directory in the manuscript records of the United States Population Census of 1870 and the United States Census of Agriculture of 1870. The dominant religious group was Protestants and most people were occupied in the agrarian sector.

Preliminary results show a positive association between Protestantism and wealth. This is consistent with previous findings of individual-level analysis by Goldin and Katz (2000) for 1915 Iowa and Di Matteo (2007: 300) for 1892 and 1902 Ontario. However, there are very important interaction effects between religion and birthplace, as already noticed by Di Matteo (2007). In late 19th century United States, household wealth greatly depended on the number of years living in the county and access to land. However, a significant proportion of Catholics were in fact recent immigrants from Ireland, who worked as labourers, as the frontier was already closed in Illinois. To resolve this problem, I have selected a sub-sample that included Catholics that arrived in Illinois in the 1840-1850s, when the frontier was still open

immigrants had access to the land. This article will also explore the channels by which religion would affect individuals' wealth: the Weber's Work Ethic, the Social ethic (Arruñada, 2010), or information networks (Blum and Dudley, 2001).