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Do Countries Need Religion and Education Freedom to Achieve Prosperity?



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Abstract: *The goal of this study is to determine the link between educational and religious freedom and prosperity in 45 countries from 2009 to 2018. Using the GMM system, the researchers were able to analyze the data. They found that academic and religious freedom is associated with increased prosperity. The collaboration of religious and academic freedom is also positive, which indicates that the two factors can contribute to the increase in prosperity. The researchers introduced the term "government effectiveness" to describe the relationship between capital formation and economic prosperity. The researchers used trade openness and gross fixed capital formation as control variables. Although they have a positive impact on the overall economy, they are not able to provide a significant boost to the prosperity of low-income countries. Therefore, the researchers recommend that educational and religious freedom be included in the government's efforts to improve the economic prosperity of these countries.*

Key Words: Government, Religious, Prosperity, Economy

Introduction

Religion is flourishing all around the world, from the Middle East to the southern United States. It's also growing in countries with varying religious traditions and economic development, which suggests that neither social isolation nor poverty is to blame. The revival is due to the rise of fundamentalism, as well as a variety of restored practices and rituals. The world is facing various challenges that require careful attention, such as the more masses living in poverty, the spread of diseases, and the need to address climate change. As we enter the 21st century, it's important that policymakers and economists develop effective

economic models that support the necessary conditions for sustainable growth. A wave of religious intolerance swept the world during the early 20th century. The September 11 attacks in 2001, which led to the invasion of Iraq and Afghanistan, demonstrated the potential impact of religious extremism on the global economy. According to a 2014 study conducted by Kochhar [2014](#), 74 per cent of people around the world experience religious conflict or violence. This is a significant increase from the 45 per cent who experienced such conflicts five years earlier. The rise in these types of conflicts is attributed to the government's efforts to limit religious freedom.

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From around 58 per cent in 2007, the percentage of people living under severe government control has increased to sixty-four per cent in 2012. The rising number of people in unembellished government-controlled areas and the increasing number of religious restrictions can negatively affect the development of the global economy. The religious economics theory states that when the government restricts religious freedom, it can lead to negative effects on society and religion. In a study conducted by Astor and colleagues, [2017](#) they found that the government's efforts to limit religious freedom are the most likely cause of religious conflict and violence. The continuous presence of religious restrictions can create cultures that prevent international and domestic investors from participating in the development of the country. This is the case with Egypt, which has experienced a prolonged cycle of religious hostility and restrictions that have severely affected the tourism industry. A few countries in Muslim-majority regions have also shown how religious freedom can affect commercial and economic performance.

In his argument, Sen states that religious restrictions are a contributing factor to less freedom. The increasing number of spiritual freedom can lead to the development of various other freedoms. According to various studies, the presence of this type of freedom is linked to the positive effects of other freedoms on various economic and social outcomes. For instance, the improvements in health care and income for women can be attributed to the increased availability of religious freedom. One of the most important factors that can contribute to the development of the country's economy is the availability of religious freedom. According to a study conducted by Lenz and Lipset, practices and regulations that make it harder for people to exercise religion are linked to higher levels of corruption. Due to the high levels of corruption in the world's most corrupt countries, there are significant restrictions on religious freedom.

Different theoretical frameworks can be used to study the link between religious freedom and the positive effects of the economy. For instance, a religious economy model can provide a direct causal route to explain the link between spiritual freedom and the growth of the nation's economy. It states that religious freedom can lead to a growing number of people participating in

religious activities. Religion can offer social and human development benefits if allowed to operate in a competitive environment. This is because religious groups can operate in a free and open society. A study conducted by Robert Woodberry in [2012](#) revealed that the rise in the number of Protestant churches carrying out missionary work is linked to the expansion of the global economy.

In 1955, Alexis de Tocqueville noted that Protestant groups established various institutions in the US during the 19th century. These included schools, churches, hospitals, and libraries. These activities were carried out in a free and open environment. The success of an economy depends on its competitiveness and economic growth. To achieve this, regions need to foster R&D. Since working people are responsible for the development of new ideas and inventions, human capital progress can be a significant factor that can help predict the future growth of the economy.

The positive effects of higher education on the development of new ideas can be seen in the number of people who are passionate about their work and in the supportive environment they are in. This can lead to the emergence of new start-ups and innovative products. Every country in the world has a debate about the degree to which educational and religious freedom is granted. Due to the increasing number of people studying and practising religion, the trajectory for both freedom and religion has changed. This study aims to analyze the link between educational and religious freedom and the prosperity of various countries.

The proposed GMM model was used to analyze the panel's data. The results of the study revealed that the link between education and religious freedom is strong. In addition to being used as a means of learning, education can also be regarded as a type of moral training. It involves the exchange of knowledge and expertise, and it aims to pass on values and beliefs to the next generation. According to Hodgson [1998](#), education is a human right that enables one to gain liberty and turn into a person that is self-aware and naturally connected to prosperity. The study is organized into four sections: introduction, research method, discussion, and results. Section 2 provides an introduction to the study, while section 3 explores the findings.

Research Methodology

System GMM

One of the most common methods used to analyze the effects of religious freedom and education on prosperity is by using a cross-sectional data analysis. However, this method has drawbacks. For instance, it does not take into account the endogeneity of the variables. One of the main drawbacks of this method is that it does not include the individual characteristics of the subjects that did not change in the past. Also, the data collected from sample banks each year is used to combine the cross-section data. This method is known as parallel data analysis.

In the past few years, the use of panel data has gained increasing popularity in econometrics. Its advantages include its ability to reflect the time-series information and its ability to represent the relevance of the sample data. In addition, it can be used to simulate the time series data in a more effective manner than the time series models. The panel data used in this method represents both the time and place. Instead of just summarizing the data, it uses the intercepted item to highlight the variations in the data's dynamic evolution, which lowers the estimation bias. Furthermore, the inclusion of time series and cross-sectional data features helps improve the estimates. In this study, the authors built a general dynamic panel model that can be used to perform research.

Educational freedom, government effectiveness, trade openness, and GE are some of the factors that depend on HDI. On the other hand, when it is a dependent variable, it is Religfr. The variable that was in effect during the preceding period is introduced as an independent variable in the equation. This makes the model more realistic by implying that the various factors that affect its operation weren't taken into account. The ability of the dynamic panel data model to provide unbiased and accurate estimates of various parameters is very important to prevent distortions caused by biased analysis. There are two methods that can be used to evaluate the model's performance.

One of the most effective ways to improve the accuracy of the model is by reducing the error in the estimate. The GMM approach is a direct estimate method that can be used to provide consistent results. This paper presents a system

GMM model as an effective method for estimating various parameters. This technique was developed by Bond and Blundell [1995](#), Arellano, and Boverover in [1995](#). They utilized the horizontal and differential GMM methods to improve the accuracy of their estimates. The general structure of the GMM method is explained in this article. The parameters were then changed using a standard logarithmic to eliminate the possibility of heteroscedasticity.

Description of the Variables and Data

The study analysed the effect of religious freedom and education on the country's wealth, 45 countries were analyzed. The indicators that are used to measure the extent of religious freedom are those that are related to the freedom of individuals to practice and choose their religion. The indexes for education and religious freedom range from 0 to 10. The highest score indicates that the country is freer. This report was prepared by the Fraser Institute and the Cato Institute. The study also takes into account the HDI, which is a factor that affects the country's prosperity. The HDI is a measure of a country's development, and a higher score indicates that it is more prosperous. This study uses data collected from the United Nations from 2008 to 2018. Other control factors such as trade openness are also taken into account to determine the country's prosperity. The data on these variables were gathered from the World Bank. The objective of this study is to analyze the role of government in the country's prosperity. It uses the effectiveness of the government as a measure of its involvement in the country's development.

Descriptive Statistics

The statistical table below is responsible for a comprehensive investigation of the data set, which includes 45 countries that were categorized as higher-income, middle-income, and lower-middle-income nations from 2008-2018. Standard deviations of the data indicate that the variations within the countries were lower than those between them. The variations in academic freedom and religious freedom were also lower in states. This shows the countries have varying levels of these rights, though the progress in their respective HDIs has been slow. The various variables included in the data set, such as the level

of gross fixed capital formation, trade openness, and government effectiveness, showed significantly higher variations across different countries. Figure 1 shows that in high-income countries, the HDI is higher than in other countries. This suggests that the link between

prosperity and income is strong. Although the HDI of lower-middle-income states has significantly decreased, it has enhanced over time. In addition, the variations in the various countries within this group are also relatively large.

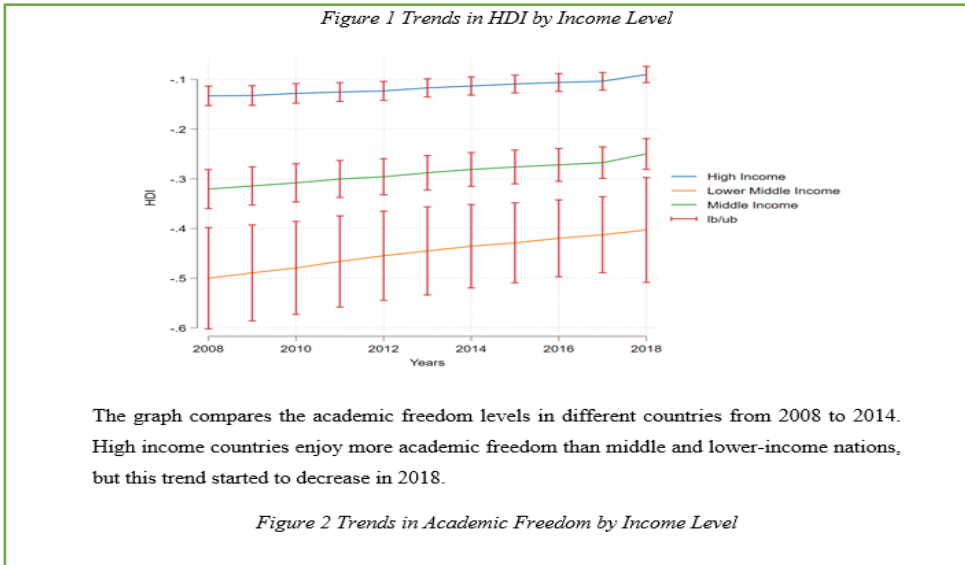


Figure 1: Trends in Academic Freedom by Income Level

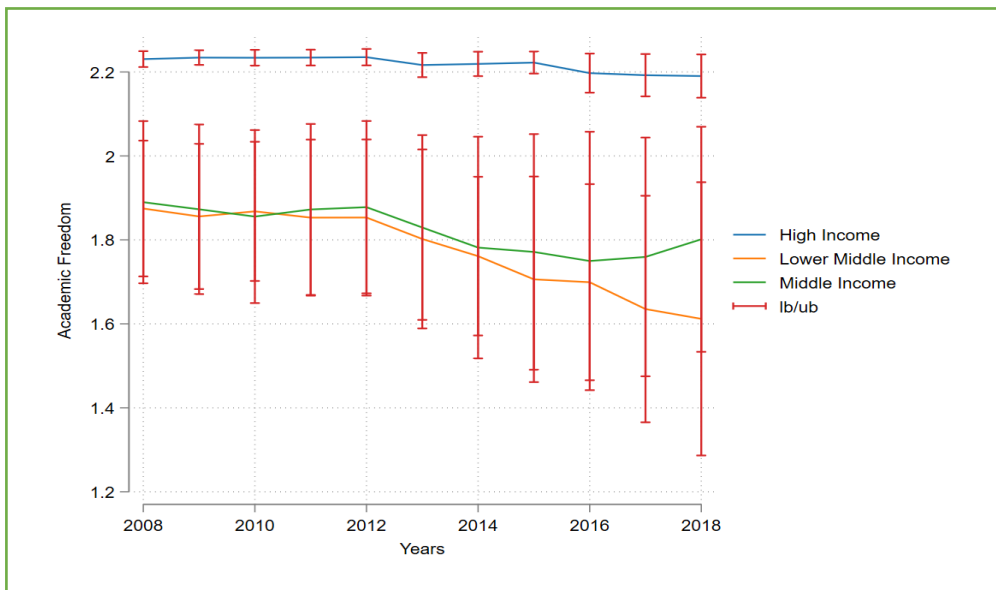


Figure 2

The figure shows the variations in religious freedom in different countries based on their income levels. High-income countries enjoy the highest levels of religious freedom, while lower-middle-income nations have relatively low levels. The overall situation of religious freedom has significantly worsened over the years. Although countries have made progress in improving their human development index, the lower middle income countries have seen a decline in academic freedom and religious freedom. There are significant variations in the freedom of religion, as well as in the Human Development Index and academic freedom, in lower-middle-income countries. For instance, in some countries, religious freedom and academic freedom are higher than in middle-income nations.

Figure 3 Trends in Religious Freedom by Income Level

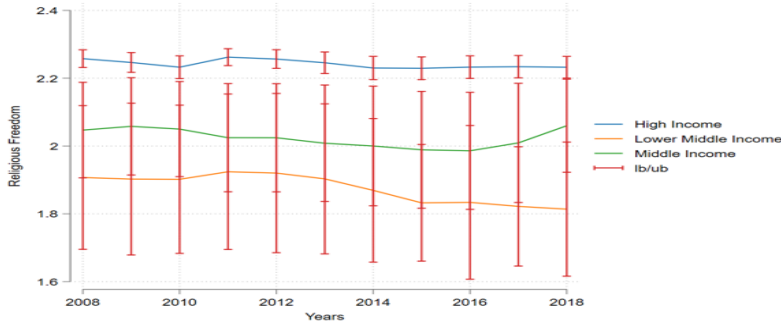


Figure 3

The figure illustrates the association between academic freedom and the HDI. The relationship between these two factors is positive, most developed countries enjoy higher academic freedom and HDI than middle and lower-income nations. Some states, such as Malaysia, Thailand, and Azerbaijan, enjoy higher academic freedom

than other countries. However, despite their relatively high levels of academic freedom, they still have low Human Development Index scores. On the other, countries such as India, Pakistan, and Bangladesh, have significantly lower Human Development Index scores.

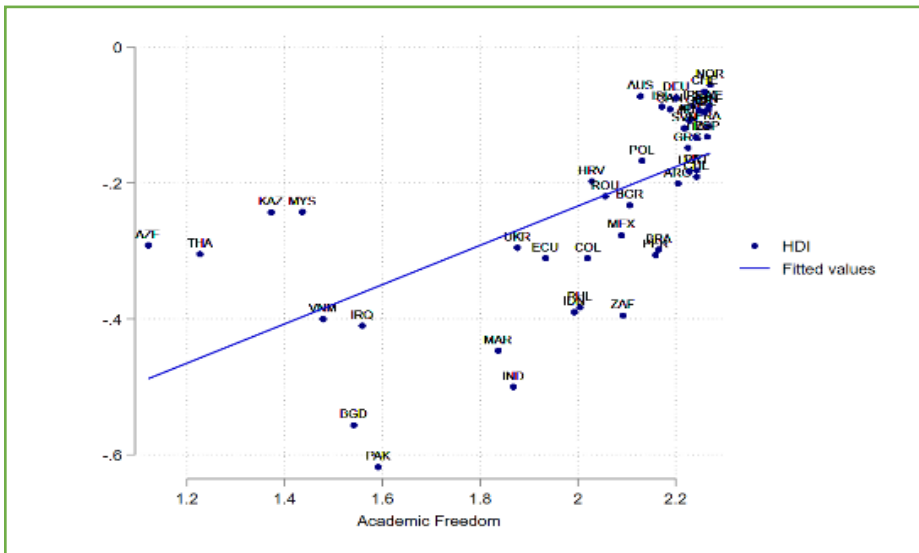


Figure 2: HDI and Academic Freedom

Although Bangladesh and India enjoy high levels of religious freedom, they still have low human development indexes. The relationship between human development and religious freedom is shown in Figure 5. Most developed countries enjoy higher levels of religious liberty, while Pakistan has the lowest. Although religious freedom and academic freedom are associated with a positive relationship between human

development and productivity, some countries still have low HDI. Academic freedom can boost a country's productivity and provide individuals with opportunities to develop their skills. High-income states can enjoy academic liberty and greater efficiency, which can then translate into higher labour participation. The world's 12 religiously diverse nations outpaced the global economy's growth from 2008 to 2012.

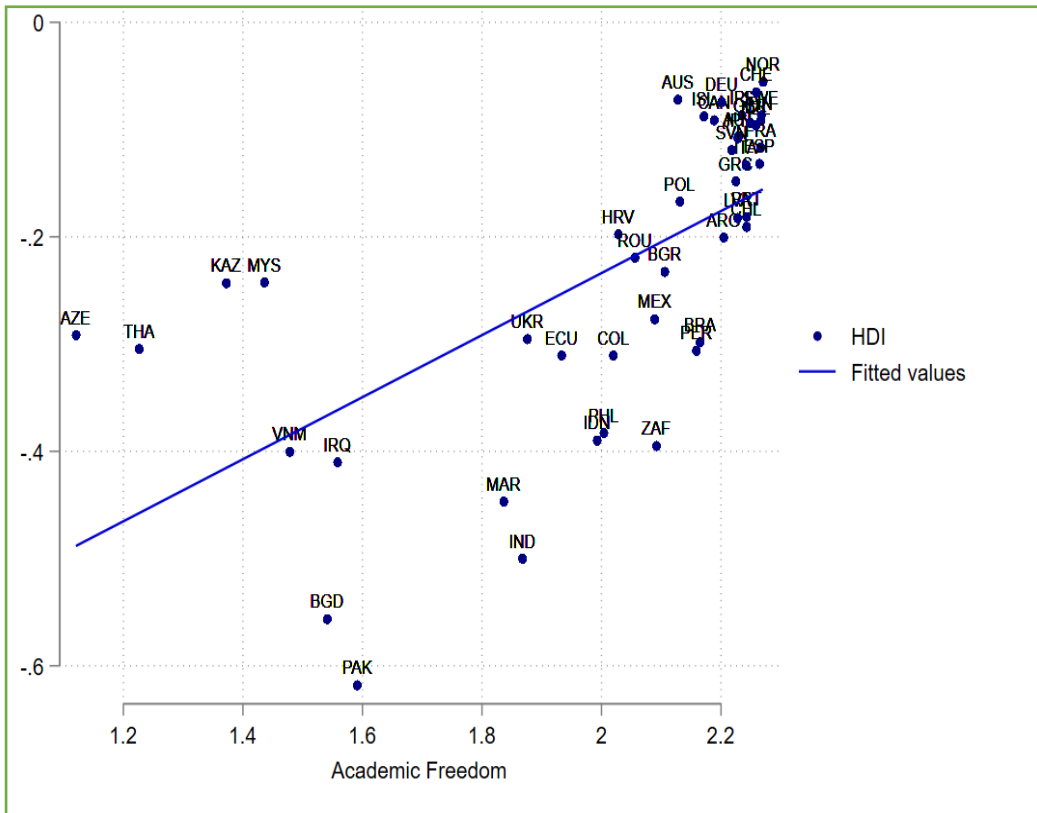


Figure 3: HDI and Religious Freedom

Results and Analysis

The second table of the GMM model's two-step estimations shows the results. The various confounding variables that are exogenous and lagged are regarded as exogenous while the variables that are endogenous are treated as if they were natural. The results indicate that the Human Development Index has a positive bias.

This is because the past level of development has a positive influence on the present level of HDI. The model's validity tests also confirm that the exogenous instruments used in it are valid. The AR (2) p-value indicates that there is no second-order correlation. The variance in the Hassen-J and Hansen-J statistics also shows that the institution is reliable.

Table 2 System GMM Estimations

	(1) <u>lhdi</u>	(2) <u>lhdi</u>	(3) <u>lhdi</u>
<u>L_hdi</u>	1.361*** (0.0466)	1.450*** (0.0392)	1.633*** (0.0436)
<u>lacadfree</u>	0.00328 (0.00711)	0.0133 (0.00729)	0.0389*** (0.00815)
<u>L_lacadfree</u>	0.0305*** (0.00421)	0.0387*** (0.00656)	0.757*** (0.148)
<u>irelig</u>	0.0284*** (0.00775)	0.0325** (0.00996)	0.0671*** (0.0156)
<u>L_irelig</u>	0.0433* (0.0173)	0.0758** (0.0220)	0.864*** (0.165)
<u>lge</u>	0.00328 (0.00178)	-0.0794* (0.0390)	0.0879* (0.0472)
<u>lgfcf</u>	-0.00637 (0.00318)	0.00925* (0.00358)	0.0255** (0.00788)
<u>lto</u>	0.00365** (0.00111)	0.00271 (0.00298)	0.00331 (0.00309)
<u>c_lge#c_lgfcf</u>		0.00332* (0.00152)	0.00365* (0.00126)
<u>cL_lacadfree#cL_irelig</u>			0.378*** (0.0710)
<i>N</i>	249	249	249
AR(1) p	0.017	0.013	0.038
AR (2) p	0.663	0.408	0.841
Hansen p	0.674	0.529	0.395
Diff-Hansen (GMM)	0.409	0.482	0.430
Diff-Hansen (IV)	0.98	0.551	0.286

Standard Errors in parentheses
 *** p < 0.01, ** p < 0.05, * p < 0.1
 Source: Author's estimations

Figure 6

The results of this study revealed that religious freedom and academic freedom are positively associated with human development. It also showed that government restrictions on religious activities can have a negative effect on human development. Religion can affect human development through social hostilities. These can be triggered by discrimination against certain groups or individuals. The government should put only impartial restrictions on religion. A study conducted by Makrevska and colleagues in 2019 supported the findings of this study. It showed

that educational and religious freedom positively affects human development.

The researchers found that the lagged effects of academic and religious freedom on human development were higher than those of the current variables. This indicates that these factors have a long-term effect on the development of humans. Various factors that are expected to have a positive effect on human development such as government effectiveness, trade openness, and gross fixed capital formation have also shown signs. However, their impact on the development index is not as significant as expected. The

interaction between religious and academic freedom is also positive, which shows that their combined effect can increase the index. The relationship between gross fixed capital formation and government effectiveness is positive, which shows that capital investment is associated with higher human development. This conclusion is supported by previous research conducted by Lee et al., in [2019](#).

Conclusion

The objective of this study was to analyze the effects of religious and educational freedom on the country's economic prosperity. It used a GMM model to analyze data from 45 countries between 2009 and 2018. The results of the study revealed that academic freedom and religious freedom lag behind the country's current levels of prosperity, but their combined effect can help raise the Human Development Index. The interaction between academic freedom and religious freedom is also positive.

The study also included the interaction between gross fixed capital formation and government effectiveness. It found that when the government's efficiency is higher, capital

investment is more beneficial for the human development index. Although trade openness and gross fixed capital creation have positive effects on overall prosperity, they have a negligible impact on the index. Although there is widespread agreement about the importance of religious freedom and education, political leaders still have a lot of work to do to protect and promote it. They should make sure that laws and procedures are in line with international standards and are designed to ensure that everyone has equal access to education.

Due to the increasing interdependence between governments and their citizens, the protection of student's rights to education is of utmost importance. This is because if we want to foster a peaceful and harmonious relationship between people of various religions, we need to ensure that their education is equipped with a welcoming environment. Scholastic bodies, policymakers, and lawmakers should work together to ensure that every student has the opportunity to receive a high-quality education. Doing so will enable them to become leaders and contribute to the world's development.

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Appendix 1

Data Statement

1. The datasets generated during and/or analysed during the current study are available in the worldbank repository,

www.worldbank.org

Other variables are taken from various article and information pages the sources can be provided on special request via email if some other researchers wanted to use it for as a reference.

Appendix 2

List of Countries

S. No	Name of Countries	No.	Name of Countries
1	Argentina	24	Kazakhstan
2	Australia	25	Latvia
3	Austria	26	Malaysia
4	Azerbaijan	27	Mexico
5	Bangladesh	28	Morocco
6	Brazil	29	New Zealand
7	Bulgaria	30	Norway
8	Canada	31	Pakistan
9	Chile	32	Peru
10	Colombia	33	Philippines
11	Croatia	34	Poland
12	Ecuador	35	Portugal
13	Finland	36	Romania
14	France	37	Slovenia
15	Germany	38	South Africa
16	Greece	39	Spain
17	Iceland	40	Sweden
18	India	41	Switzerland
19	Indonesia	42	Thailand
20	Iraq	43	Ukraine
21	Ireland	44	United Kingdom
22	Italy	45	Vietnam
23	Japan		

Appendix 3

Ethical Statement

Hereby, I “khateeb Ahmed khan” consciously assure that for the manuscript “Do countries need religion and education freedom to achieve prosperity? the following is fulfilled:

- 1) This material is the creators' own unique work, which has not been recently distributed somewhere else.
- 2) The paper isn't at present being considered for distribution somewhere else.
- 3) The paper mirrors the creators' own examination and investigation in an honest and complete way.

- 4) The paper appropriately credits the significant commitments of co-creators and co-specialists.
- 5) The outcomes are fittingly positioned with regards to earlier and existing examinations.
- 6) All sources utilized are appropriately unveiled (right reference). In a real sense replicating of text should be shown as such by utilizing quotes and giving legitimate references.
- 7) All creators have been by and by and effectively associated with significant work prompting the paper and will get a sense of ownership with its substance.

The infringement of the Moral Assertion rules might bring about serious outcomes.