

AGRICULTURAL RISK AND THE SPREAD OF RELIGIOUS COMMUNITIES

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Abstract

Building on the idea that members of religious communities insure each other against some idiosyncratic risks, we argue that religious communities should be more widespread where populations face greater common risk. Our theoretical argument builds on idiosyncratic and common risks aggravating each other. When this is the case, individuals have a greater incentive to mutually insure against idiosyncratic risk when greater common risk makes the worst case scenario of bad realizations of common and idiosyncratic risks more likely. Our empirical analysis exploits common rainfall risk as a source of common county-level agricultural risk in the nineteenth-century United States. We find that a greater share of the population was organized in religious communities in counties with greater common agricultural risk, holding expected agricultural output constant. The link between rainfall risk and membership in religious communities is stronger among more agricultural counties and counties exposed to greater rainfall risk during the growing season. We also find that among the historically more agricultural counties, more than 1/3 of nineteenth-century differences in religious membership associated with rainfall risk persist to the turn of the twenty-first century. (JEL: Z12, O13, N31)

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