

Religious Contributions A Normal Good?

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This paper applies the rational actor approach to contributions to Catholic parishes. By examining the historical records of Catholic parishes in Chicago, donations per family comparisons can be made over time. Using data from 1880, 1920, 1960 and 2000, it is shown that real contributions per family adjusted by three different indexes (prices, wages and GDP) have declined dramatically from 1920.

INTRODUCTION

Religious contributions have been the topic of much research, most of it by sociologists. Congregation size, strictness of churches, level of involvement, organizational structure, market structure that the congregation operates in have all been examined.

The Catholic Church has been the subject of particular interest in the United States. One reason is obviously the size of the church. The other is that Greeley and MacManus (1987) found that Catholics give a much lower percentage of their incomes than most Protestants. This has led to all sorts of questions as to why. Cieslak (1984), Hoge, Carroll and Sheets (1988), Hoge, Zech, McNamara and Donahue (1996) all found that smaller congregations increased donations per family. Zaleski and Zech (1994) found that income did not significantly impact donations for Catholics. There have many different sources of data. Survey results are by far the most common. Institutional data has been used in some of the research and Zaleski and Zech have used Census data to obtain income information. Condon (2010) used census data combined with church records and found an inverse relationship between income and the percentage of income contributed. This paper will examine religious contributions over time relative to changes in prices and income.

THEORY

The “rational actor” approach to religious behavior has been growing in size and scope over the last twenty years. The basic concept is that religious behavior is no different than other behaviors that economists examine- subject to the same income and time constraints, one choice among many, all subject to the same maximization conditions. Individuals “consume” religion in the same way they consume other goods and services. They are constrained by income and time and are assumed to maximize utility. The process can be modeled in the following way:

$$\begin{array}{ll} \text{Max} & U(X_1, \dots, X_n, R) \\ \text{s.t.} & P_x(X_1, \dots, X_n) + P_r(R) = I \\ \text{with} & R \text{ is the religious good} \\ & X \text{ is a vector of all other goods} \\ & P \text{ is full price} \\ & I \text{ is full income} \end{array}$$

Full price and income include both time and money. Those with higher wages are assumed to substitute money for time. The religious good is assumed to be normal.

The expectation is that income will have a positive effect on donations. There are two reasons for this expectation. One is that the religious good is normal. The second is that this good can be produced using both time and money. Assuming those with higher incomes will have higher wages and thus a higher value for time, the expectation is that they will substitute money for time. Specifically as incomes increase over time, monetary contributions should increase as well.

THE DATA

Three different parishes were used for this study. Saint Patrick (1880), Saint Sabina (1920) and Saint Thomas More.(1960,2000). This was done to try to minimize changing demographic factors that would be present if the same parish was used over the 120 year period. Saint Patrick, for example, went from a new growing parish serving Irish immigrants in 1880 to a parish in steep decline by 1960 with very few parishioners, surviving mostly by attracting downtown workers to a daily noon mass. By 2000, the parish had been reborn, with a school and more programs than most, serving younger professionals in a thriving West Loop neighborhood. These three parishes were specifically chosen to mirror the Irish migration on the south side of Chicago.

Five year averages were obtained for yearly donations and number of registered families for each parish. For example, the data for 1960 is the average level of donations per family reported for Saint Thomas More for the years 1958 to 1962.

RESULTS

The results are reported in tables one and two. The first row of table one reports the nominal donations per family. What is striking here is the stability of the numbers after 1920. Despite the dramatic economic changes over the time period, donations show very little variation. Examining three different indices of economic indicators demonstrate this change. The consumer price index is reported in row two. Prices double from 1880 to 1920. From 1920 to 1960, prices increase by 50%. By 2000 prices had increased six-fold. Wages show a dramatic change over the time period. An unskilled worker in 2000 made more than 100 times the wages that his counterpart in 1880 earned. Nominal GDP per capita increase 170 fold over the same time period.

The last row in the first table used the CPI to create real donations. With 1983 as the base year, real donations almost double from 1880 to 1920, decline by 33% by 1960 and experience a huge decline by 2000. Table two creates a 'what if' data set. The columns for 1920, 1960, and 2000 represent the value that donations would be if they increased at the same rate as the various indices. The results, post 1920, are staggering. Donations actually increase at the same rate as wages and nominal GDP from 1880 to 1920. In other words, Catholics continue to donate a constant percentage of their income over the time period. By 1960, the change is severe. If Catholic were to continue to donate at a constant percentage, they would have donated \$2,726. Instead they only donate \$618. By 2000 the decline is even more pronounced. If Catholic donations had kept up with income, they would have donated \$18,754. Instead, the average donation per family was \$773.

**TABLE 1
COMPARATIVE GIVING DATA**

	1880	1920	1960	2000
Per Family donations	\$160	\$612	\$618	\$773
CPI	9.91	20.04	29.62	172.20
Unskilled Labor wages (1860=100)	116	469	1,976	13,597
Nominal GDP (per Capita)	\$206	\$830	2912	35,237
Real Donations (1983=100)	\$1610	\$3040	\$2080	\$447

**TABLE 2
PERCENTAGE OF GIVING DATA**

	1880	1920	1960	2000
Per Family donations	\$160	\$612	\$618	\$773
Donations-CPI	\$160	\$324	\$478	\$2,780
Donations- wages	\$160	\$647	\$2,726	\$18,754
Donations- GDP	\$160	\$644	\$2,260	\$27,348

CONCLUSION

It is clear from the data that Catholic contributions are not a normal good overtime. By the second half of the century, Catholic contributions have become an inferior good. As incomes increased, contributions per household declined. The question still remains as to why. Areas for further research would include a more detailed examination of the data, perhaps at five year intervals. Also more a more narrowly defined income measure- perhaps by census tract – would offer more insights.

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