



# Losing my religion: The effects of religious scandals on religious participation and charitable giving<sup>☆</sup>



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## ABSTRACT

We study how the U.S. Catholic clergy abuse scandals affected religious participation, religious beliefs, and pro-social behavior. To estimate the causal effects of the scandals on various outcomes, we conduct an event-study analysis that exploits the fine distribution of the scandals over space and time. First, a scandal causes a significant and long-lasting decline in religious participation in the zip code where it occurs. Second, the decline in religious participation does not generate a statistically significant decline in religious beliefs, pro-social beliefs, and some commonly used measures of pro-social behavior. This evidence is consistent with the view that changes in religious participation during adulthood may have limited or no effect on deep beliefs and values. Third, the scandals cause a long-lasting decline in charitable contributions. Indeed, the decline in charitable giving is an order of magnitude larger than the direct costs of the scandals to the Catholic churches (e.g., lawsuits). If we assume that the scandals affect charitable giving only through the decline in religious participation, our estimates would suggest that the strong cross-sectional correlation between religious participation and charitable giving has the presumed direction of causality.

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## 1. Introduction

Individuals who participate in religious congregations tend to have stronger pro-social beliefs and behave more pro-socially than individuals who do not participate in religious congregations (Putnam and

Campbell, 2010). However, there is no conclusive evidence about the direction of causality; we do not observe beliefs and behavior in a counter-factual scenario in which those same individuals do not attend church. For example, it is possible that certain beliefs and behaviors are so deeply ingrained that individuals forced to abandon their congregations would nevertheless continue to believe in God, trust others, and give money to charity.<sup>1</sup> Given the large observable differences between individuals with lower and higher religious participation, spurious correlation is not only plausible, but likely. Furthermore, there is no consensus about the causal mechanisms. For example, while some studies emphasize the role of religious beliefs in eliciting higher charitable giving (Thornton and Helms, 2013), others point to social mechanisms such as peer pressure and solicitation (Soetevent, 2005). This paper studies the U.S. Catholic clergy abuse scandals as a form of natural experiment: we examine how a negative shock to religious participation affects religious participation, religious beliefs, and pro-social behavior.

Combining several sources of data, we created a unique data set containing the exact address of each parish involved in a Catholic clergy sexual abuse scandal and the exact date when each accusation became public. Our event of interest is the scandal and not the abuse itself.

<sup>1</sup> For further discussion on this identification challenge see Gruber and Hungerman (2008).

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Indeed, the vast majority of the scandals occurred decades after the abuses were allegedly committed. We identify more than 3000 scandal events throughout the United States from 1980 to 2010. We combine the data on scandals with multiple sources of administrative and survey data for various outcomes, such as religious participation and charitable giving. We estimate the causal effects of the scandals on these outcomes by exploiting the fine distribution of scandals over space and time using an event-study framework.

We find that a scandal causes a persistent decline in the local Catholic affiliation and church attendance. Some Catholics join other religious denominations during the first three years after a scandal. But these individuals later end up with no religious affiliation. Our preferred measure of overall religious participation at the zip code level is the number of religious employees working in that location. According to this measure, we find that a scandal causes a persistent 3% decline in religious participation in the zip code in which it occurs. This would be equivalent to a 9% decline in the Catholic sub-population. We find effects of similar magnitude using survey data on religious affiliation and church attendance.

Despite the significant decline in religious participation, the effect of the scandals on two measures of religious beliefs (belief in God and in the afterlife) is statistically insignificant. Due to a lack of precision, we cannot reject the possibility of small effects, but we can reject the hypothesis of a decline in religious beliefs of the same magnitude as the decline in religious participation. The finding that religious beliefs do not fall despite the drop in religious participation is consistent with the view that religious beliefs are deeply ingrained and therefore unlikely to change during adulthood (Hamberg, 1991).

We examine the effect of scandals on various measures of pro-social beliefs and behaviors that are widely used in the literature. We find that the effects of the scandals on pro-social beliefs (e.g., trust in others) are statistically insignificant. Again, due to lack of precision, we cannot reject the possibility of small effects, but we can reject the hypothesis of effects of the same magnitude as religious participation. We also look at the effects on some general forms of pro-social behavior studied in the literature: political campaign contributions, response rates to census forms, and voting turnout. The effects of the scandals on these outcomes are close to zero, statistically insignificant, and more precisely estimated. For example, for the census response rate, we can reject the possibility of very small effects. This evidence suggests that changes in religious participation during adulthood may not affect deep pro-social attitudes, and it is consistent with studies reporting an insignificant correlation between religious participation and pro-social beliefs and behavior (Alesina and La Ferrara, 2002; Anderson et al., 2010). Nevertheless, our evidence applies to changes in religious participation for Catholic adults; it is possible that changes in religious participation early in life, or in other religious denominations, are more important for these beliefs and attitudes.

Last but not least, we examine the effect of the scandals on charitable giving. We use administrative data from the Internal Revenue Service (IRS) on itemized charitable contributions as reported by taxpayers on their 1040 forms. We find that a scandal causes a persistent decline in charitable giving of about 1.3% in the affected zip code. In other words, for each percentage point decrease in religious participation, charitable giving declines by 0.43 percentage points (i.e., 1.3 divided by 3). To verify that the missing contributions were directed towards charitable causes rather than to the provision of religious services, we use data on contributions reported by charities on their tax filings to the IRS. These data include contributions to charities that provide social services but exclude giving to Catholic parishes and Catholic schools. We find a large and statistically significant effect on this type of donations. As an additional robustness check, we also show that the decline in charitable giving was accompanied by a significant decline in the provision of social services.

The effects of the scandals on religious participation and charitable giving follow somewhat similar patterns. The effects increase in

magnitude during the first couple of years after the scandal, and then they remain stable at that level. The affected outcomes do not revert to pre-scandal levels, even more than ten years after the occurrence of the scandal. The effects are mostly concentrated in the zip code in which the scandal occurs, with small spillovers to adjacent zip codes and no spillovers to adjacent-to-adjacent zip codes. And when an accusation comes to light, it has similar consequences at the place where the accused priest is working at the time of the accusation and, if different, at the place where the accused priest allegedly perpetrated the abuse.

The estimated effects of the scandals imply an elasticity between religious participation and charitable giving of about 0.43. In comparison, the raw cross-sectional correlation between these two outcomes implies an elasticity of about 0.38. If we assume that the scandals affected charitable giving solely through the effect on religious participation, then our estimates would suggest that most of the observed correlation between religious participation and charitable giving has the presumed direction of causality (i.e., from religious participation to charitable giving). However, if the scandals had a direct negative impact on charitable giving that extended beyond the decline in religious participation, then the elasticity of 0.43 reported above would over-estimate the effect of religious participation on giving.

The literature suggests a variety of mediating factors through which the drop in religious participation may have caused the drop in charitable giving. Our evidence on the effects on religious beliefs and deep pro-social attitudes suggests that those beliefs and attitudes may not be main mediating factors. Our preferred interpretation points to the role of social interactions. With the goal of raising contributions to finance the provision of social services, religious networks can take advantage of the unique conditions for eliciting charitable contributions from members, for example, through solicitation, social pressure, and social norms. For instance, one possibility is that households leaving the congregation discovered non-Catholic charities that provide social services similar to the Catholic charities, but they did not contribute to the non-Catholic charities because of the lack of social pressure they once faced while in the congregation. Similarly, the decline in charitable giving could also be a result of the loss of access to information on opportunities to give and the quality of charitable endeavors that flows through the religious network. Indeed, these same social mechanisms are believed to play a crucial role in motivating charitable giving outside the context of religious congregations (Frey and Meier, 2004; Andreoni et al., 2011; Meer, 2011; Lazear et al., 2012; DellaVigna et al., 2012).

Our study relates to other literature besides that of religious participation and pro-social behavior. Although a number of studies address the causes and circumstances of the Catholic clergy scandals and the psychological effects on the victims (McMackin et al., 2009), few studies examine the broader consequences of the scandals.<sup>2</sup> Exceptions include Hungerman (2013), who looks at the relationship between abuse allegations and religious adherence at the state level, and Dills and Hernández-Julian (2012), who examine the relationship between abuse allegations and Catholic enrollment at the diocese level. Our paper contributes to this research by looking at the broader consequences of the scandals and by identifying the causal effects of the scandals, using an event-study framework that exploits the fine variation of scandals over space and time.<sup>3</sup> We find that the indirect costs of the scandals (e.g., the drop in charitable contributions) are an order of

<sup>2</sup> For example, the causes and circumstances of the scandals are extensively discussed in the reports prepared by the John Jay College of Criminal Justice for the United States Conference of Catholic Bishops: "The Nature and Scope of the Problem of Sexual Abuse of Minors by Catholic Priests and Deacons in the United States" and "The Causes and Context of Sexual Abuse of Minors by Catholic Priests in the United States, 1950–2010."

<sup>3</sup> Also, these previous studies estimated short term effects of the scandals, which turn out to differ in significant ways from the long term effects. For example, Dills and Hernández-Julian (2012) find a very small contemporaneous correlation between scandals and the number of Catholic schools, while our analysis shows that the scandals had large persistent effects.

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