



Religiosity and state welfare[☆]



Angela K. Dills^{a,*}, Rey Hernández-Julián^{b,1}

^a Providence College, 1 Cunningham Square, Providence, RI 0298, United States

^b Department of Economics, Metropolitan State University of Denver, CB 77, P.O. Box 173362, Denver, CO 80217, United States

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ABSTRACT

The Catholic sex abuse scandals reduced both membership and religiosity in the Catholic Church. Because government spending on welfare may substitute for the religious provision of social services, we consider whether this plausibly exogenous decline in religiosity affected several measures of the public taste toward government and spending on welfare between 1990 and 2008. In places where there were more scandals, individuals state a preference for less government provision of social services. In contrast, a higher level of abuse is also associated with an increase in voting for Democratic candidates for President, state legislatures, and the US House of Representatives, and an increase in per capita government welfare spending, although this increase is insufficient to replace the decrease in Catholic-provided charity.

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1. Introduction

Many religious institutions provide services to the members of their congregations with in-kind transfers, such as providing poor families with Christmas toys or Thanksgiving dinner. The Catholic Church fits this description: it makes up a large part of charity in the U.S. Former Oklahoma governor Frank Keating's stated in 2013 that "in the United States, 50 percent of social services are provided by the Catholic Church" (Martin, 2013). Dehejia et al. (2007) note that one benefit of religious participation is the insurance it provides against income shocks through transfers and similar practices. Religious institutions also provide services for the general public such as soup kitchens, medical assistance, inexpensive resale clothing, and shelters for the homeless.

The government also provides these services through programs such as food stamps, Medicaid, and unemployment insurance that offer protection against income loss. The literature strongly supports that government welfare spending crowds out religious, charitable giving: as government provides more social services, individuals donate less to religious charities that provide these services. Gruber and Hungerman (2007) estimate that the New Deal reduced church charitable

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* Corresponding author. Tel.: +1 401 865 2590.

E-mail addresses: angeladills@gmail.com, adills@providence.edu (A.K. Dills), rherna42@msudenver.edu (R. Hernández-Julián).

¹ Tel.: +1 303 556 4912.

spending by 30 percent. [Hungerman \(2005\)](#) demonstrates that the reduction in public welfare spending resulting from the 1996 Welfare Reform was partially offset by the Presbyterian Church (USA) increasing their charitable endeavors for the affected populations. His estimates of crowd-out effects ranged between 20 and 38 cents on the dollar. [Payne \(1998\)](#) estimates that, after controlling for the plausible endogeneity on the recipients of government grants, a dollar of government grants crowds out 50 cents of private donations. Comparing across countries, [Gill and Ludsgaarde \(2004\)](#) find that increased government-provided welfare weakens support for religions.

This paper explores the converse. We know that as government programs expand, private charity decreases. But if religious charity diminishes, does government provision of social services grow? We examine whether a negative information shock about one religion increases the demand for the government provision of social services. Previous research documents similar behavior by government. [Becker and Lindsay \(1994\)](#) show that private philanthropic contributions to public colleges and universities crowd-out government support of these institutions dollar-for-dollar.

In the wake of the Catholic sex abuse scandals, religiosity in the U.S. declined, particularly among Catholics ([Hungerman, 2013](#); [Bottan and Perez Truglia, 2013](#)). [Bottan and Perez Truglia \(2013\)](#) find that the abuse scandals reduced private charitable giving as well as the number of charitable organizations, particularly among Catholics. As church and state appear to be substitutes in providing social insurance, one would expect the decline in religiosity to strengthen support for government-provided welfare. [Huber and Stanig \(2011\)](#) address this explicitly in a model where religious low-income individuals tend to vote with the wealthy and against redistribution because they have access to redistribution through their religious association. In the context of the Catholic sex abuse scandals, then, a decrease in religiosity would lead to a preference for more public provision of welfare, as the marginally religious become less desirous of receiving these goods through religious bodies.

The evidence in support of this expectation is mixed. Responses in the General Social Survey suggest that individuals living where the reports of abuse were more prevalent increase their stated opposition to government provision of social services. We then examine whether voting patterns reflect this stated preference. We find the contrasting result that the scandals increased support for Democratic Party candidates in presidential and state legislative elections. In addition, actual welfare spending increased despite the stated preferences. Using state-level data on transfers per capita for family aid, Medicaid, Social Security Insurance, and food stamps, we find that the Catholic sex abuse scandals are associated with an increase in per capita government welfare spending of 8.6 percent, or about 8.4 cents, for every one standard deviation increase in abuse. Most of the increase in spending appears to stem from Medicaid.

This paper adds to the existing literature in several ways. First, we add to the evidence that the effects of negative publicity associated with the Catholic abuse scandals extended beyond the Church itself. To the well-demonstrated influences on religion and religiosity, we add impacts on preferences for governance and observed voting patterns. Second, we provide evidence on crowding out from a new perspective. The crowding-out literature focuses on how exogenous shocks to government welfare programs affects private charity. We examine how an exogenous shock to private charity, particularly religious charity, affects spending on government welfare programs. Individual's religious choices are typically endogenously determined, and finding exogenous factors that affect these choices is difficult. Our use of an exogenous shock, the negative publicity associated with the abuse in the Catholic Church, presents an important contribution. Third, our findings suggest that the direction of effects matters. [Payne \(1998\)](#) and [Hungerman \(2005\)](#) estimate how private donations respond to changes in government spending. Their estimates are much larger and suggest that when government spending increases or decreases, private contributions respond on the order of 20–50 cents on the dollar. When we examine the converse, how government spending responds to the decrease in private contributions, we estimate a more modest impact. And fourth, we provide, as far we know, the first empirical test of the predictions of [Huber and Stanig's model \(2011\)](#): our results suggest that a major negative shock to religiosity coincides with a small but significant change in public spending for the disadvantaged.

The outline of the paper is as follows. First, we review the history of the Catholic sex abuse scandals and discuss the construction of our data on these scandals. In Section 3 we outline the relationship between private charity and state welfare and discuss the implied relationship between religion and government. In Section 4, we describe the data on religiosity, welfare spending, and presidential voting. The results are presented in Section 5. We discuss the results and their policy implications in the conclusion.

2. Catholic sex abuse scandals in the United States²

In 2002, Cardinal Bernard Law resigned over his mishandling of the sex abuse scandals wracking the Catholic Church in the Boston archdiocese (see the *Boston Globe's* coverage of the scandals for more detailed information). Much of this abuse occurred in the 1970s, although many victims did not report it until much later; indeed, much of the reporting occurred in the wake of the extensive 2001 coverage of the scandals in Boston. The U.S. Conference of Catholic Bishops commissioned a report summarizing information provided by the Catholic Church from its archives on perpetrators and victims of abuse. The [John Jay Report, published in 2004](#), found that 4392 priests (about 4 percent) participated in abuse. Settlements related to sex abuse cases have cost the Church over three billion dollars ([The Economist, 2012](#)).

² Most of this section draws from [Dills and Hernández-Julián \(2012\)](#).

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