

## **Religious Contributions: A Historical Perspective**

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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- 2000, it is shown that real contributions per family adjusted by different indexes ( prices, wages and per capita GDP) have declined overtime and that parish size for the most part, is inversely related to donations per family.*

### **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. Condon (2010) (with a limited data set) also found that Catholic contributions, indexed for price and wage changes, over the time period 1880-2000 declined dramatically.

This paper will combine both of Condon's approaches to examine religious contributions over time relative to changes in prices and income as well as to variations in congregation size.

### **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 second expectation is that an increase in parish size will result in a decrease in donations per family. This illustrates the “free rider” problem, well documented in the literature.

## THE DATA

The data for this study was obtained from two different sources. The data for the years 1880 to 1960 was obtained from parish records in the Archives of the Archdiocese of Chicago. Data for the year 2000 was obtained from the Archdiocese of Chicago for a previous study. Data for the years 1970-1990 was not available. A random sample of 30 parishes for each year ending in zero was taken and the number of registered families and yearly donations were obtained. The donations per family for each sampled parish was then calculated.

## RESULTS

TABLE 1

Year	Families	Donations	Donations/Family
1880	260	\$1,754	\$9.42
1890	159	\$1,452	\$10.91
1900	367	\$2,893	\$10.07
1910	627	\$7,660	\$12.47
1920	488	\$10,552	\$25.35
1930	676	\$20,459	\$45.19
1940	673	\$16,944	\$37.30
1950	813	\$28,012	\$46.00
1960	1100	\$61,770	\$67.54
2000	1264	\$455,875	\$357.08

The results reported in Table One show that donations per family are fairly consistent from 1880 to 1910. They double by 1920 and again by 1930. A 20% decline by 1940 is most likely a result of the depression in the 30's. By 1950, donations have returned to their 1930's level. Donations increase by 50% by 1960. From 1960 to 2000, donations per family increase by over 500%. The other observation from Table One is that parish size increases over time.

The data in the table, however, is nominal. In order to gain a better understanding of what has happened over time, changes in prices as well as wages will have to be taken into consideration. Table Two reports price indexes, two different wage indexes as well as GDP per capita.

**TABLE 2**

Year	C.P.I.	Unskilled	Production	GDP(p/c)
1880	100	100	100	100
1890	89	119	120	116
1900	82.1	121	123	131
1910	92.9	148	158	175
1920	202	404	486	403
1930	169	366	475	359
1940	142	467	604	372
1950	243	1020	1400	939
1960	299	1700	2290	14,100
2000	1740	11,700	17,400	17,100
2009	2160	14,800	23,600	22,300

The data from Table Two indicates that prices actually decline from 1880 to 1910 while wages both for unskilled workers and production workers show increases. This indicates an increase in real earnings. This continues up until the 40's, with wages growing at a faster rate than prices, increasing real income. A dramatic shift occurs after World War Two, with the growth in wages and per capita GDP far outpacing the growth in prices. As the model predicts religious behavior is a part of normal consumption activities, adjusting donations for changes in real income should offer some insights. This is done in Table Three.

**TABLE 3**

Year	Don.	C.P.I.	Unskilled	Production	GDP(p/c)
1880	9.42				
1890	10.91	8.38	11.2	11.3	10.9
1900	10.07	7.74	11.4	11.6	12.4
1910	12.47	8.75	14.0	14.9	16.5
1920	25.35	19.0	38.1	45.7	37.9
1930	45.19	15.9	34.4	44.7	33.8
1940	37.3	13.3	44.0	56.9	35.1
1950	46.0	22.9	96.1	132	88.5
1960	67.54	28.2	160	216	133
2000	357.1	164	1100	1640	1610

The second column in the table reports the nominal donations per family over time. The next column reports what donations would have been have been if they had only kept up with prices. It indicates that, in fact, donations more than kept up with prices over time. In fact, real donations increased. In 1930 for example, if real donations per family had remained constant, they would have been \$15.9. Instead they grew to \$45.19. By 1960, the appropriate comparison is \$28.2 to \$67.54.

Donations relative to wages are a different story. From 1880 to 1910, donations appear to be keeping up with increases in income. After that the differences become steadily more and more pronounced. In 1950, if donations kept pace with earnings, they would be \$132. Instead, they were only \$46. For 1960, \$416 instead of \$67.5. By 2000, \$1640 instead of \$357.

### **PARISH SIZE AND DONATIONS PER FAMILY**

To test the effect of parish size on donations per family, simple OLS regressions were performed for each decade with donations per family as the dependent variable and the number of registered families in

the parish as the independent. The relationship is negative in all equations. Results were reported for both the 90% and 95% significance levels.

**TABLE 4**  
**Simple Regressions**  
**Significance of parish size (negative) on donations per family**

	90%	95%
1880	Y	Y
1890	Y	N
1900	Y	Y
1910	N	N
1920	N	N
1930	Y	N
1940	Y	Y
1950	Y	Y
1960	Y	N
2000	Y	Y

## CONCLUSIONS

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 not kept up as a percent of income. As incomes increased, real contributions per household as a percent of income declined. It also appears that except for the early part of the century, parish size has a negative, significant impact on donations per family. This is consistent with other cross-sectional studies.

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