

RELIGIOUS PARTICIPATION AND ECONOMIC RECESSIONS

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ABSTRACT

During the financial crisis which began in 2007, a number of articles explored the belief that religiosity increases during times of economic hardship. Using individual church data from over one thousand churches in the North Georgia Conference of the United Methodist Church from 1999 to 2009, this paper analyzes the relationship between religious participation and economic recessions. Participation is measured by attendance at the main Sunday worship service and the state of the economy is measured using various unemployment rates. Overall, recessions tend to be associated with declines in attendance at United Methodist Churches, although the effect is not strong.

Keywords: Recession, United Methodist Church, Religiosity, Church Attendance, Business Cycle, Economic Conditions, Church Growth.

INTRODUCTION

The last recession was particularly severe, being dubbed the great recession. It lasted 18 months from December 2007 until June 2009 with Gross Domestic Product declining about 5 percent. The national unemployment rate peaked at over 10 percent in October 2009. The S&P500 index fell over 56 percent between October 2007 and March 2009. The recession affected many individuals and firms adversely.

In the United States religious faith plays an important role in people's lives. According to the CIA World Factbook, 78.46% of Americans practice some form of Christianity. Protestants are 51.3% of the population (CIA 2007). Church participation affects one's sense of wellbeing and financial status as well as social, economic, and political behavior. Over 60 percent of the U.S. population are members of a church (Iannaccone, 1998). Over 40 percent of Americans report attending church weekly or almost weekly (Newport 2010). Hence, it is a significant research question to determine how church participation is being impacted by changes in the economy.

This paper analyses the effect of the past recession on church participation in Georgia. Using data from the North Georgia United Methodist Conference containing over one thousand churches, we analyze the effect of the business cycle on church attendance and find that the Georgia unemployment rate was negatively associated with church attendance.

LITERATURE REVIEW

Economic theory suggests there are two countervailing effects of the business cycle on church attendance. The substitution effect would suggest that church attendance increases in times of higher unemployment because the opportunity cost of time has decreased. Alternatively,

if church attendance is a normal good, declines in income associated with higher unemployment would be reflected in lower church attendance. Since theory is inconclusive on this matter, we review several empirical studies.

Azzi and Ehrenberg (1975) made the first systematic attempt by economists to analyze the determinants of religiosity. Religiosity is an individual's religious commitment and participation in church-related activities. They looked at how members of households allocate their time to religious involvement and how this varies with age. This is referred to as the "household life-cycle religious-participation profile". Two data sets were used, one using membership data and another using survey responses regarding church attendance. Azzi and Ehrenberg concluded that as real wages grow individuals are expected to shift to less time-intensive forms of religion. As unemployment rises, individuals are expected to shift to more time-intensive forms because the opportunity cost of participation declines. This could be an economic motivator for people to participate in religious activities during recessions.

Ellison (1991) noted that religion has been shown to give participants an increased sense of well being. He explored several possible motivating factors that may be responsible for providing that sense of well being. These factors included social integration, divine interaction, stress, and the effects of age and education. He found that attendance and private devotion contributes to well being, though indirectly, and that strong faith makes life trauma easier to withstand. Religion does give support for people in time of adversity. This would be consistent with there being an increase in participation during recessions when unemployment rises.

Beckworth (2009) explored how religiosity varies over the business cycle in Protestant churches. His research used data from three sources: data from a Pew Research Center survey administered during the 2001 recession period to assess weekly attendance, annual membership data spanning 1968-2004 to see if there is a relationship to NBER business cycle dates, and quarterly data from 1950:Q1 through 2006:Q4 to determine the relationships between Seventh-day Adventist converts and macroeconomic variables. He found that there is a difference in how the business cycle affects mainline churches versus how it affects evangelical churches. Growth for evangelical denominations was countercyclical while growth of mainline denominations had a procyclical component.

The differential effect on mainline and evangelical denominations may be explained by several factors. Individuals in mainline churches tend to be wealthier individuals whose income is more related to salaries as opposed to hourly wages. Whereas in an economic downturn, the hourly worker has his hours cut freeing time for religious participation, the salaried worker must maintain the same hours or perhaps work longer hours to compensate for diminished staff due to lay-offs. In an upswing in the economy, the hourly worker has the opportunity to benefit from overtime pay rates. It is to his advantage to work longer for more money. The salaried worker may find business easier to come by with less effort. This would allow the salaried worker more time to pursue religious activities. Moreover, higher income business professionals may benefit from the networking opportunities that church attendance may provide when the economy is doing well. Fellow attendees have business deals to make and opportunities they can share. When the economy is poor, there is less to be gained from networking since your fellow attendees do not have as many business deals to make or opportunities to share. Also, a church with accomplished fellow congregants may have a status conscious culture. During a downturn there could be a high social capital cost for being seen as suffering from the economy. This could reduce the incentive for attendance.

Other studies have also found a differential effect of the business cycle on church attendance that depends on the denomination. Sales (1972) focused on patterns of joining authoritarian and nonauthoritarian organizations using conversion rates. He found that individuals were drawn to authoritarian organizations during hard times, but that they gravitated to nonauthoritarian organizations when times were good. Authoritarian churches share similar characteristics such as the demand to absolute obedience to church leadership or to the Divine, condemnation of those who don't agree with their beliefs, literal interpretation of Scripture, strong concern about sin, and emphasis on mysticism. In contrast, nonauthoritarian churches tend to share other characteristics such as allowing parishioners more discretion in their decisions, assuming a more tolerant attitude to those who disagree, emphasizing a more intellectualized approach to scripture interpretation, and being less concerned over sin.

McCann (1999) examined the hypothesis that increased sense of threat is related to a stronger attraction to authoritarian churches and a weaker attraction to nonauthoritarian churches. McCann used membership data from two authoritarian and two nonauthoritarian denominations over the years from 1928-1986 to compare annual membership changes. He also studied twenty-five authoritarian and nonauthoritarian denominations during three distinct ten year periods from 1955-1985 that differed in threat levels. He found that during threatening economic times authoritarian denominations saw their greatest gains or smallest losses and nonauthoritarian churches saw their greatest losses or smallest gains during more threatening periods.

Overall, theory is inconclusive about the effects of a recession on church participation; the substitution effect suggests participation should increase because of the lower opportunity cost of time while the income effect suggests that participation should decrease. The few previous empirical studies have produced conflicting results; some suggest participation increase in times of economic stress and others reporting a decline. The effect depends on the denomination. This study is unique in investigating how religious participation and giving in a regional subset of a denomination are affected by local and national economic trends. No previous study has looked solely at the United Methodist denomination.

DATA, METHODOLOGY AND RESULTS

The North Georgia Conference of the United Methodist Church includes over one thousand individual churches. Data on church attendance is collected from statistical tables published by the conference. Attendance is recorded at the main Sunday service. Initially, the data is aggregated across all churches for the years 1999-2009. Our measures of the business cycle are the US unemployment rate and the Georgia unemployment rate; we also run our regressions with one year lags of each of these variables.

The results are presented in the first four rows of Table 1. The coefficients on the Georgia unemployment rate and the lagged unemployment rate are both negative but are not statistically significant. The coefficients on the US unemployment rate variables are similarly not significant. However, if churches serve a local community then a better measure of the state of the economy would be the county unemployment rate in which the church is located. The other advantage of using county unemployment rates is that it allows us to use individual church attendance data over the eleven years. Using a fixed effects model we find that an increase in the county unemployment rate decreases church attendance. Although this effect is statistically significant at the 5 percent level, the magnitude of the effect is small: A one percentage point increase in the county unemployment rate decreases church attendance by less than one person! The effect is of

similar magnitude using either the county unemployment rate of the lagged county unemployment rate. The average attendance at the churches in the dataset is 142 so a one percentage point increase in the unemployment rate is associated with a 0.6 percentage point decline in attendance. In other words, we could say that UMC church attendance is inelastic.

For all the regressions the R-squared value is very low (under 10 percent and sometimes almost zero). This is not surprising with the simple regression equation we have used. However, it does suggest that factors other than the economy are more important determinants of church attendance. For example, the spiritual health of the church, the role of the pastoral staff, and other non-economic variables seem likely to determine attendance. Future research should endeavor to include some of these other variables in their analysis.

CONCLUSION

The last recession was particularly severe affecting many individuals and organizations. One understudied organization is the church and church participation even though religious life is important to many people in the US. We found that attendance at UMC worship services declined during periods of high unemployment over the last decade or so. This is in line with previous studies that found nonauthoritarian churches tended to see attendance decline in recessions (Beckworth, 2009; Sales, 1972; and McCann, 1999). However, the effect is rather small. If local unemployment increased by five percentage points this would only result in a decrease of four people in attendance at the main worship service. Overall, despite the severity of the last recession the effect on religious participation at the United Methodist Church in North Georgia was slight.

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Table 1: Effect of business cycle on participation and giving

	Dependent variable: Attendance
GA unemployment rate	- 448 (0.37) $R^2 = .09$ $N = 11$
GA unemployment rate (lagged one year)	- 524 (0.65) $R^2 = .03$ $N = 10$
US Unemployment rate	- 341 (0.56) $R^2 = .04$ $N = 11$
US Unemployment rate (lagged one year)	690 (.57) $R^2 = .04$ $N = 10$
County unemployment rate	-.793 (0.03) $R^2 = 0.004$ $N = 9919$
County unemployment rate (lagged one year)	-.762 (0.03) $R^2 = 0.004$ $N = 9916$

Note: p-values in parentheses