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SPIRITUAL LIFE

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Faith provides 'insurance' in hard times

By Rich Barlow | September 17, 2005

As residents of New Orleans and the Gulf Coast stagger to recover financially and emotionally from Hurricane Katrina, religious groups around the country have poured in money to help. A new research paper by three economists, including two from Harvard University, offers intriguing insights into the power and limits of faith in the face of such calamity.

The researchers -- Erzo F. P. Luttmer of Harvard's John F. Kennedy School of Government; Rajeev Dehejia, a Columbia University economist visiting at Harvard this year; and Thomas DeLeire of Michigan State University -- wrote their paper last month, before New Orleans was inundated. They studied whether religious participation helps households maintain their spending levels after an economic setback, in part by allowing people to tap fellow congregants for aid.

They also wanted to know how much the religious faith might ensure happiness after economic catastrophe, either through financial aid from fellow worshipers or spiritual comfort in time of need.

The economists broke down the answers for whites and blacks, which might be revealing for the Katrina disaster because blacks make up more than two-thirds of the population in New Orleans.

Katrina, of course, was an unusually seismic blow to both treasure and spirit. "You're talking about 100 percent of the work force of New Orleans being thrown out of work," said Luttmer, a self-described agnostic. "It's unimaginably massive."

The researchers relied on two key sources of information. One was the federal government's Consumer Expenditure Survey, which polls 5,000 households a year and includes information on donations to religious groups. That allowed the researchers to compare religious participation with spending habits.

They also consulted the National Survey of Families and Households, which tracked about 10,000 individual respondents in the years 1987-88 and 1992-94. Among its questions, the survey asked people to rate their happiness on a scale of 1 ("very unhappy") to 7 ("very happy"). It also asked about interviewees' attendance at religious services. That meant the researchers could measure drops in the self-reported happiness of both believers and nonbelievers after hits to their income.

"Overall," the economists wrote, "our results support the notion that religion serves an insurance function for its participants, insuring both consumption and happiness."

But the racial differences were striking. Religion appeared to be much more important to African-Americans recovering from economic setbacks.

Why the difference?

"For many African-Americans," the paper continued, "the church is the community. Church services tend to be community-oriented and relatively long (often over two hours), and there are many well-attended social and community related church events. . . . For whites, in contrast, the religious organization is often just a part of their social network and whites that have weak religious ties are likely to have other forms of social capital."

African-Americans, in short, depend more for happiness on religion.

Moreover, the authors wrote, anecdotal evidence suggests that when black churches help members in a financial pinch, the help tends to be in-kind services, while whites help one another out with cash loans, which

might work against cheering recipients by making them feel guilty or stigmatized.

They note that other research has found similar incidences of religion comforting the economically afflicted. A study last year reported that people who were hurt during the Asian financial crisis of the late 1990s were more likely to boost their religious participation; there are no atheists in economic foxholes, it seems.

Dehejia, a Hindu who says he is not religiously active, said that "if you interpret our results literally, religion could help" soothe the trauma Katrina inflicted on believers, and that "blacks are more likely to experience that solace effect."

He cautions, however, that it is more difficult to predict religious comfort in the case of a hurricane. "We obviously can't examine the kind of cataclysmic shocks that people have experienced in New Orleans," Dehejia said.

Whatever psychic solace religion provides, it will have to suffice because the financial insurance that often comes with religion probably won't kick in as much, Luttmer says. In the face of such catastrophic destruction, donations from churches are likely to be, in the words of the parable, like seed sown on rocky ground, withering quickly. In this instance at least, says Luttmer, the separation of church and state must go out the window, both having essential roles in alleviating the misery.

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