

Third Party Moral Enforcement: Catholic Confession of Sins

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Motivation

- A “Cultural Universal”
 - ◆ Sophisticated & judicial in Catholicism
- Key divide in Reformation
- Literature
 - ◆ Smith 1759, 1776 & Weber, 1905 → nuanced criticisms
 - ◆ Ekelund, Hébert & Tollison 1992, 2002; Schmidtchen & Mayer 1997: perfect rationality → rent-seeking
- This work
 - ◆ Imperfect rationality → Trade-off of costs and benefits

Alternatives for rules' enforcement

- First-party enforcement
 - ◆ Emotions: guilt & shame
- Second-party enforcement
 - ◆ Emotions: drive to punish even at a loss
 - ◆ Types: between traders, mutual, peer pressure, etc.
- Third-party enforcement
 - ◆ Legal sanctions imposed by specialists (judges, police)

History of Christian moral enforcement

- Public confession of sins
- Private confession to a priest
 - **3rd party enforcement**
- Reformation
 - ◆ Self-Examination → **1st party enforcement**
 - ◆ Mutual Control → **2nd party enforcement**
- Today
 - ◆ Abandoned by many Catholics
 - ◆ Unsatisfied demand (?)

Trade-off in 3rd party moral enforcement

- Benefits from specialization in hearing sins
- Transaction costs
- Trade-off's balance
 - ◆ Manageable—e.g. training, safeguards, orders
 - ◆ Changes with
 - education: first party enforcement
 - growth: suffers Baumol's disease

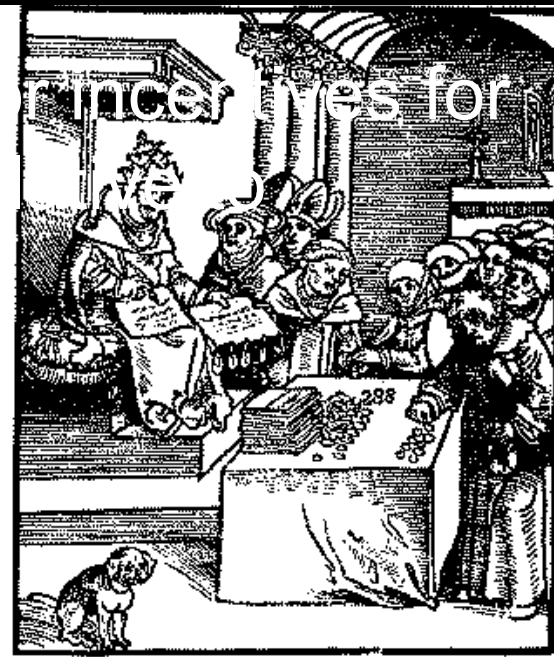
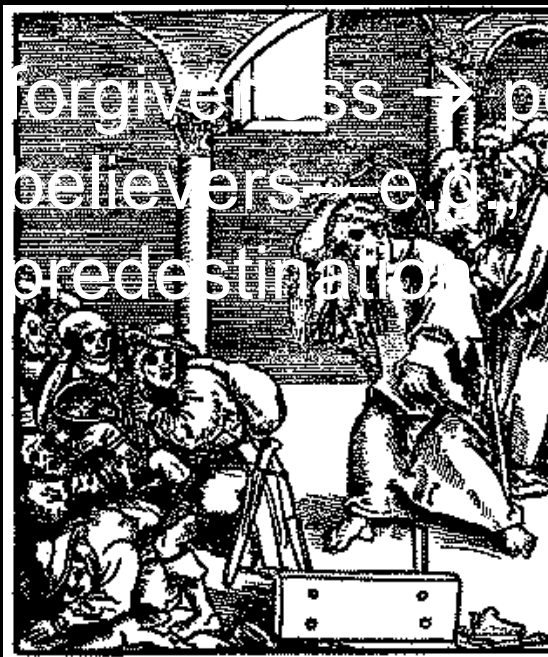
Benefits

- Contains self-deception that plagues Self-Exam
- Avoids collective action in Mutual Control
- Added services—e.g., secrecy
- Also: sophisticated incentives
 - ◆ Individualized standards motivate repeated sinners
 - ◆ Ambiguity reduces gaming
 - ◆ “Trading of merits” in Purgatory motivates saints

Costs

- Adam Smith: agency → exploitation of believers—
e.g., sale of “salvation” indulgences

- Max Weber: forgiveness → power, richer lives for
believers—e.g., predestination



Supporting evidence

- Biological → effectiveness
- Historical → adaptation & trade-off
- Quantitative → more specific hypotheses

Biological evidence

- Recruits guilt & shame instincts (Haidt, 2003)
- Products:
 - ◆ Social: inhibits free-riding, instills conformity
 - ◆ Individual: self-control, healing
- Evidence
 - ◆ Reconciliation in monkeys (Flack & Waal 2000)
 - ◆ Forgiveness's effects on humans
 - Well-being (Krause & Ellison, 2003)
 - Health (McCullough *et al.* 2000)

Historical evidence

- Adaptation
 - ◆ Evolved from public to private confession, increasing in specialization & introspection
 - ◆ Code changed adaptively: professional ethics, usury, etc.
- Agency & tradeoff
 - ◆ Abuse & safeguards
 - ◆ Recurrent cycles of laxity & reform

Quantitative evidence: Hypotheses

- Greater effectiveness
- Greater rent extraction
- Enforcement substitution:
Smaller role of confession with greater:
 - ◆ Cost of confession services
 - ◆ Competition by
 - 1st party enforcement: laity's education
 - 3rd party legal enforcement

Tests of effectiveness & exploitation

- How confession, prayer, communion & mass attendance correlate with actions benefiting the poor or the Church
- Methodology
 - ◆ Survey data on 4,554 Catholics, 1994
 - ◆ Ordered probits
 - ◆ Controls (omitted in slides): marital, income, sex & age (+/- beliefs)

“Consequences” of religious practices

	<i>Dependent variables</i>	
	<i>Help the Poor</i>	<i>Give to Church</i>
<i>Confession Frequency</i>	0.121*** (0.023)	0.039* (0.023)
<i>Prayer Frequency</i>	0.158*** (0.022)	0.054** (0.022)
<i>Communion Frequency</i>	0.057* (0.031)	0.199*** (0.032)
<i>Mass Attendance Frequency</i>	-0.029 (0.031)	0.413*** (0.032)
Observations	2,910	2,819
Pseudo R ²	0.03	0.20

Tests of enforcement substitution (I)

- First party enforcement:
 - ◆ How laity's education correlates with confession
- Legal enforcement:
 - ◆ How # Catholic priests correlates with political rights
- Cost of services:
 - ◆ Idem with GDP in cross section of 68 countries

Frequency of religious practices

	<i>Dependent variables</i>			
	<i>Confes- sion</i>	<i>Prayer</i>	<i>Commu- nion</i>	<i>Mass At- tendance</i>
<i>Education Level</i>	-0.045* (0.025)	0.053** (0.024)	0.056** (0.024)	-0.008 (0.025)
<i>Catholic Education</i>	0.021 (0.021)	0.032 (0.020)	0.066*** (0.021)	0.047** (0.021)
<i>Laity's Role Important</i>	-0.081*** (0.021)	0.029 (0.021)	-0.057*** (0.021)	-0.063*** (0.021)
<i>Worried on New Priests</i>	-0.030 (0.021)	-0.013 (0.021)	-0.154*** (0.021)	-0.120*** (0.022)
Obs.	3,016	3,025	2,993	3,013
Pseudo R2	0.04	0.05	0.05	0.07

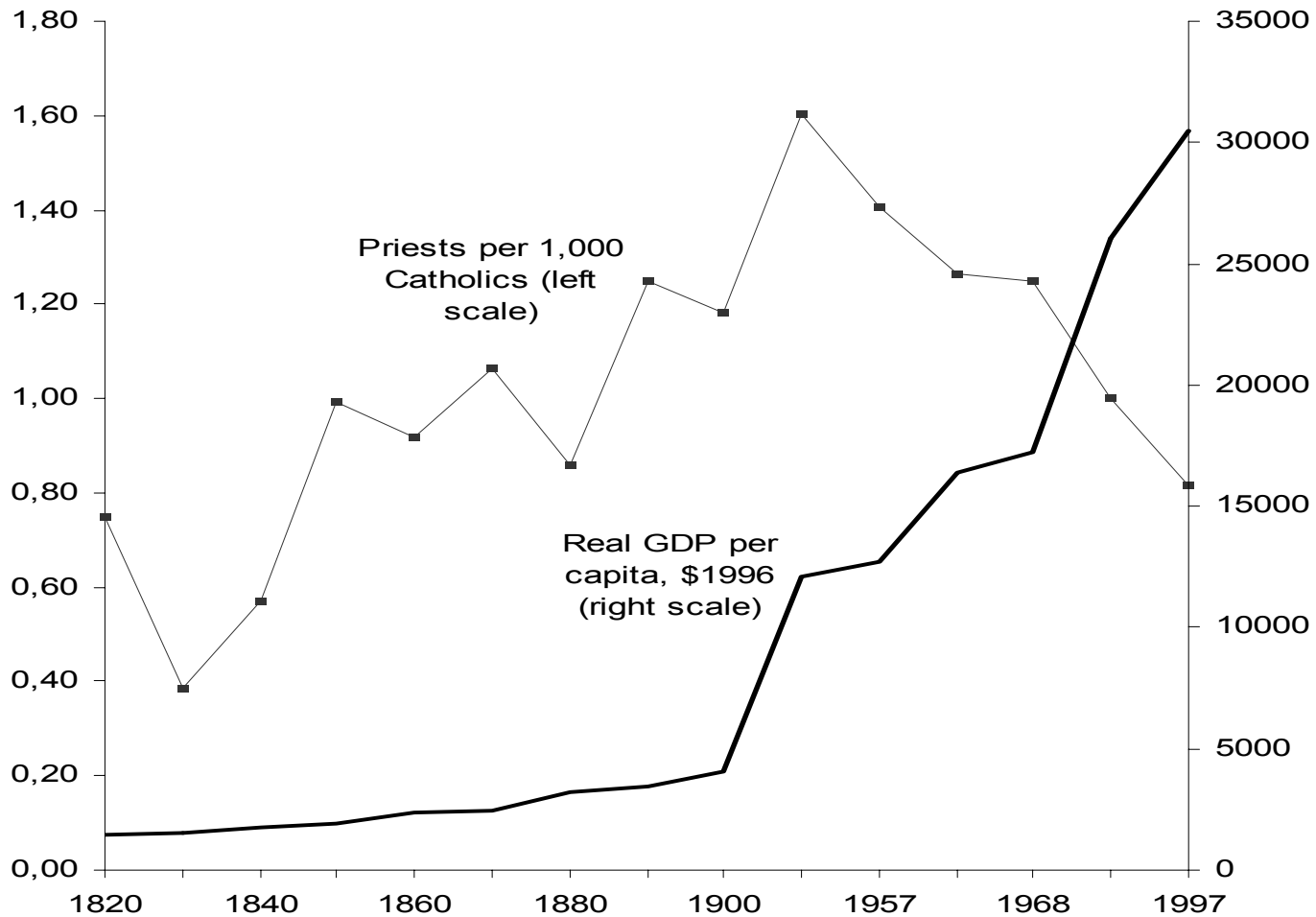
Mismatch explanation discarded: Education and opinion on priests' quality

	Dependent variables	
	<i>Laity's Role Important</i>	<i>Worried on New Priests</i>
<i>Education Level</i>	0.052** (0.023)	-0.091*** (0.023)
<i>Catholic Education</i>	0.034* (0.020)	0.014 (0.019)
<i>Laity's Role Important</i>		0.076*** (0.019)
<i>Worried on New Priests</i>	0.073* (0.020)	
Observations	3,044	3,044
Pseudo R ²	0.006	0.008

Tests of enforcement substitution (II)

- First party enforcement:
 - ◆ How laity's education correlates with confession
- Cost of services:
 - ◆ How density of Catholic priests correlates with GDPpc
- Legal enforcement:
 - ◆ Idem with political rights

Catholic priests & GDPpc in USA



Supply of professionals

	<i>Dependent variables</i>			
	<i>Catholic Priests / 10⁶ Catholics</i>			<i>Doctors / 10⁵ people</i>
<i>GDP pc</i> <i>(1995 US\$)</i>	1.032 ^{***} (0.242)	1.035 ^{***} (0.190)	0.769 ^{***} (0.205)	0.688 ^{**} (0.260)
<i>Square of</i> <i>GDP pc</i>	-0.151 ^{**} (0.060)	-0.161 ^{***} (0.047)	-0.120 ^{**} (0.048)	-0.115 [*] (0.060)
<i>% Catholic</i> <i>population</i>		-0.014 ^{***} (0.002)	-0.014 ^{***} (0.002)	-0.000 (0.003)
<i>Political</i> <i>rights</i>			0.188 ^{***} (0.065)	0.002 (0.084)
Constant	5.361 ^{***} (0.162)	6.096 ^{***} (0.182)	6.691 ^{***} (0.269)	4.881 ^{***} (0.336)
Obs.	68	66	64	62
Adj R ²	0.39	0.62	0.67	0.21

Results

- Consistent with effectiveness
- Do not support exploitation
- Decline of confession
 - ◆ Unrelated to legal enforcement
 - ◆ Likely driven by
 - Education favoring first party enforcement
 - Increased costs
 - technical change, including “moral self-service”



Write about your sins here:

Submit Confession

<http://www.ulc.net/confession.html>