



TRANSCRIPT

Key Conversations with Phi Beta Kappa

Discovering How Generosity Impacts Economy with Daniel Hungerman

In this episode, Fred Lawrence speaks with Professor Daniel Hungerman, a professor of economics at the University of Notre Dame. Hungerman discusses his unique academic journey, which led him to specialize in the economics of religious and charitable organizations. He explains his research on how tax policies have a measurable impact on charitable giving in the United States, also delving into the field of "generosity in economics" and how charitable donations directly impact the economy as we know it. Hungerman also touches on the long-term impact of the first Earth Day, using weather data to show how a single event can have a lasting positive influence on environmental attitudes and health.

Fred Lawrence: Hello and welcome to Key Conversations with Phi Beta Kappa. I'm Fred Lawrence, Secretary and CEO of the Phi Beta Kappa Society. Since 2018, we have welcomed leading thinkers, visionaries, and artists to our podcast. These individuals have shaped our collective understanding of some of today's most pressing and consequential matters, in addition to sharing stories with us about their scholarly and personal journeys. Many of our guests are Phi Beta Kappa Visiting Scholars who travel the country to our Phi Beta Kappa chapters, where they spend two days on campus and present free public lectures. We invite you to attend. For more information about Visiting Scholars' lectures, please visit pbk.org.

Today I'm delighted to welcome Professor Daniel Hungerman. Professor Hungerman is Professor of Economics at the University of Notre Dame and is also a Research Associate at the National Bureau of Economic Research. His current research includes

work on religion in America today and on the determinants of philanthropic activity. His work has been featured in The Wall Street Journal, The New York Times, USA Today, The Economist, CNN, Fox News, and many other outlets and has been funded by various organizations including the NIH and the John Templeton Foundation. He is the former Executive Director of the Association for the Study of Religion, Economics and Culture, and is the President of the Association for the Study of Generosity and Economics. He has been recognized by Notre Dame for promoting excellence in undergraduate instruction. Welcome, Professor.

Daniel Hungerma...: Thanks so much. I'm delighted to be here. Looking forward to it.

Fred Lawrence: Good to have you with us. You have studied economics and religious institutions, not an obvious pairing, although maybe I'm not being fair, because in fact the fit has something to do with your focus on economics and the financing of the not-for-profit sector or the charitable sector of our society and our economy. But I'm interested to know whether this area is the result of one interest and a subfield within it or two interests and you found a synthesis between the two.

Daniel Hungerma...: I was a graduate student at Duke University, and I had a homework assignment in graduate school to come up with some good research ideas for my advisor, who is a guy named Jake Vigdor. I went into his office as a young student, and I said, "Hey, I've got all these ideas. Check out these nine ideas." And he said, "Well, six of these are dumb, and another one of them has been done before, so now you have two ideas."

And one of those ideas was to look at faith-based charity. Then, as now, I think that the charitable actions taken by religious organizations in the United States are underappreciated, not studied enough. It's a more important part of the economy and of the social fabric of our communities than most economists have really recognized, and so I was interested in looking at how faith-based charities interacted with local governments or federal provisions for the poor.

To move that project forward, I had to go get some data. After talking with my advisor, I went and called every religious denomination in the United States with more than a million members and asked them for data, and one of them, the Presbyterian Church USA, PCUSA, said that they would give me some data. They had data on the charitable actions of every church in the denomination over many years. They would give it to me for \$27, which would cover the cost of the CDs that they would put the data on, which was back when data came on CDs. They put it in the mail, and I got it and said, "I think I could make a dissertation out of this." And from that, my career in studying undervalued, overlooked parts of the nonprofit sector was born.

Fred Lawrence: Kierkegaard famously said, "Life has to be lived forward and understood backwards," so let's understand it backwards a little bit together. If the young Dan Hungerman growing up, and I want you to tell us a little bit about who that person was, but if he

had just heard that answer, would he have said, "That checks out," or would he have said, "Wow, I would never imagine I'm going to be studying that"?

Daniel Hungerma...: I grew up in Akron, Ohio. I was raised in a, I think it'd be fair to describe it as a blue collar neighborhood in Akron, Ohio. My parents got divorced when I was in middle school, and after that I was raised by a single mom until my mom remarried, and as a professor, honestly, at Notre Dame, I look around sometimes and think that my path is a little nontraditional, it might fit the term, I guess, in a way. I don't know if there are many professors who have those interests. I've done a lot of work on religion since my grad school days at Duke, but I didn't go to church regularly as a kid in Akron, Ohio. I had no plans about the future at all. And if you had said to the young me, "Here's what you're going to be studying and here's what you're going to be doing when you grow up," yes, I would've said you were crazy.

Fred Lawrence: What was the road that led you there? And also, by the time you're done, you're going to be an economics major and applying to economics graduate school. But same kind of question. Was that something you came into Miami University expecting to study, or you found your way into it?

Daniel Hungerma...: I found my way into it. I was not really familiar with the school very much before my senior year in high school. I was big into speech and debate in high school. Miami had a college program that seemed pretty good, and the day I visited the campus when I was in high school, I just liked the vibe.

This sounds really dumb, it is really dumb maybe, but when we drove into Oxford, Ohio, that's where Miami is, class had just gotten out. You were in a period between classes, so there were thousands of people just walking around everywhere, and it made the place seem like it was so happening and so vibrant, just because I showed up in the right 10-minute window, my first impression was so positive, I was like, "Wow, this place is really hopping." It was a beautiful day, the campus is gorgeous, so I decided to switch. I took a bunch of different classes.

The teacher who taught my intro economics class, Principles of Economics, his name was Jerry Miller, he wrote me a letter, like an old-fashioned letter with a stamp on it and everything over Christmas break and said, "I liked having you in my class. I think you should be an economics major." That was why I became an economics major, it was because I got that letter. A year later, I was in another professor's office, his name was Michael Kerm, talking about a homework assignment, and he said, "What are you going to do when you graduate?" I said, "I have no idea." He said, "You should think about going to graduate school in economics, and if you were going to do that, here's how you'd do it." That is entirely why I went to graduate school. I'm in debt to these people.

Fred Lawrence: It's interesting when you talk about your interest and role in teaching, and you're a recognized teacher, a prize-winning teacher at Notre Dame, the three foundational underpinnings of the whole doctrine of academic freedom is that the academy is involved in teaching, it's involved in pushing back the bounds of our knowledge by creating new knowledge and discovering knowledge, and it's providing expertise to society. You seem to really be in the sweet spot of doing all of those. You're teaching your research in an academic sense, but also your economic research to the National Bureau. I wonder how you see the relationship among those three pieces of your life.

Daniel Hungerma...: For me, that is an important part of the research I do, that it's got to be translatable, that means both to the classroom and to people outside of the academy, policy makers, regular citizens, I guess you would say, regular folks out on the street. That's one of the things, by the way, I like about Notre Dame. The economics department here has a high focus on scholars doing work that's applicable to everyday problems in real life. It's not too ivory tower or anything. For me personally, an important part of my work is that it should have some sort of relevance in the real world.

Fred Lawrence: Let me ask you about one of those pieces of something true in the real world. I read a short piece of yours about tax policies and their impact on charitable giving generally and on religious institutions in particular. Two questions. One is if you'd just be good enough to walk our listeners through what the thesis was of that little piece and how you saw the impact of tax policy on charitable giving and the charitable sector and particularly religious institutions. But then after that, if you could give us your insights as to what should we be following this spring and this summer of 2025 as we follow along with tax debates right now with respect to the issues that you study.

Daniel Hungerma...: As you may know, as listeners may know, when you give a dollar to charity in the United States, you don't necessarily have to give up a dollar of private consumption. Instead, if you're a person who's lucky enough to get a tax break for your gift, you only actually have to forgo 75 cents or 80 cents, some amount less than a dollar of personal consumption. The government tries to encourage charitable giving through the tax code. That's the idea.

The main group of people who benefit from this are people who itemize their taxes. I'm going to try not to bore anybody to death by talking about the minutiae of the US income tax code, although this is pretty important stuff. It's pretty important and it involves some pretty big dollars. If you look at how much tax revenue the US government forgoes by having these itemization features, oh, it's hundreds of billions of dollars. It's really, really big money. And it's really big money even when it comes to the charitable giving part of the tax code and the incentives the government puts through them. They're really expensive for the government to do all this stuff.

Then there's a question of, is the government getting anything from it? You could imagine a story where people are really giving to charity thinking about how much they care about their local church or how much they care about the Red Cross or supporting a certain cause. They don't care about these tax breaks. And in that case, the government's just setting money on fire that's giving people a tax break and it's not creating any charitable giving as a result.

And then the other story is that donors do pay attention and that donors... I almost hesitate to use the term sophisticated, because that has a value meaning to it. But if donors are financially sophisticated, let's say, or something, they're aware of these incentives, and the incentives make a difference in the decision to give. Then maybe the government is getting some bang for its buck. Maybe then these expensive features of the tax code are a good idea.

Fred Lawrence: That would be the theory that if I go to the ballgame, I spend the full dollar, but if I give to the Red Cross, the government's going to give 20 or 25 cents or 30 of those cents, and I'm giving less and getting the same benefit as if I gave them a dollar.

Daniel Hungerma...: Yes, and that really matters for your decision to give, you give more as a result of this benefit. For at least 50 years, economists have wondered about which story is really the true story. And so in our work, we exploit this big tax reform that happened starting in 2018. It was a law called the Tax Cuts and Jobs Act. It made a bunch of changes to the tax code, but one of the most important and biggest changes was that the law caused a lot of people to stop itemizing their taxes. One in five taxpayers in the US quit itemizing as a result of this law, and as a result, they lost all incentive to give, all tax incentives. And so in our study, what we do is we take a bunch of people and we follow them over time. We watch as a lot of them lose the tax-based incentive to give, and we see, as a result, whether they seem to give less.

Fred Lawrence: And professor, what did we find?

Daniel Hungerma...: We find that they do give less. We find that the Tax Cuts and Jobs Act probably lowered charitable giving by about \$20 billion, which is about 5% of all charitable giving in the United States. I would score \$20 billion as a lot of money by most of them. Tax incentives do matter, and this law probably lowered charitable giving.

Fred Lawrence: Shifting focus a little bit, but actually staying within the religious area in particular, you are a former member of the Executive Committee of the Association of Christian Economists, so I want to ask a little bit of what that means to be a Christian economist. I wonder, in your view, what does it mean to be a Christian economist? Is that just two descriptions, one is a religious affiliation, one is a profession, or is one an adjective and the other's a noun?

Daniel Hungerma...: Yes, that organization is by and large, I'd say, people who identify as Christian who happen to be economists. It's supposed to be a space in the discipline of

economics that's welcoming or open to people who want to have a community to interact with in the economics discipline. I believe, actually, that that organization has an old history with the American Economic Association, and in fact, the American Economic Association has some sort of tie to Christian economists and its foundation.

Fred Lawrence: That is a fascinating story of America, not economic history, but the historiography of economics in this country. That would be quite interesting.

Daniel Hungerma...: Yes. The American Economic Association, they have this big flagship conference for the discipline in January every year, and this Association of Christian economists, this little, tiny part of that huge group, has sessions at the big conference every year. I've had people say, "How did you guys even team up with this big conference? Do you guys belong here?" And the answer is, yes, we were there at the very beginning. We helped get the ball rolling.

Fred Lawrence: Wow.

Daniel Hungerma...: It has an old history, and the folks who are in that little niche of the Association of Christian Economists, I would say some of them are like me. They might be interested in studying religious organizations or things that are a real world value, particularly maybe part of their own personal faith or their personal inclination to really try to have a positive impact, and some of them are especially drawn to more theological stuff and they have theological conversations about what it means to render under Caesar's share, things like that. You have a couple different camps that are in that community.

Fred Lawrence: Widening the lens out now a little bit from religion, you have a lot of different titles and boards you've sat on, but it seems to be one of your coolest titles as President of the Association for the Study of Generosity in Economics. Talk to us a little bit about the study of generosity in economics. Is this a branch of behavioral economics? Is it based on classical market economics? Where do you see it in the field? And what is this subfield designed to try to elucidate for us?

Daniel Hungerma...: Yes, it's got plenty of both, behavioral economics, which is an important area of research, certainly in the 21st century that dispenses with classic economic assumptions about markets being perfectly efficient and people being perfectly rational and stuff. There's plenty of that, but then there's also people who are carrying on using those traditional tools to gain insights. The truth is, work on charity and generosity and economics goes way, way back before any of that stuff, though. It goes back to Adam Smith. Smith, of course, the famous author of *The Wealth of Nations*.

Fred Lawrence: Father of the Modern Study of Economics in some measure.

Daniel Hungerma...: Indeed. Indeed. Before that blockbuster came out, he had a publication called *A Theory of Moral Sentiments* where he talks about generosity motivates people to be

generous and how communities can interact with individuals to encourage the right kinds of generosity and the right amounts of generosity. No less an authority than Smith got the ball rolling on talking about generosity.

Nowadays, there's a lot of important things that economists have to say about generosity and economics. Some of it is studying the nonprofit sector, running experiments or doing other types of analysis to try to figure out what works for nonprofits, and how they can be effective in their work. How can they raise money? That's an important example of work that economists can do. Some work by economists is more psychological. What motivates people to give? What really matters? When we talk about generosity for different sorts of donors, that's another important area. And then there's work by folks - I might put myself certainly in this camp, along with the first two perhaps - of looking at how different parts of a community can really matter for how we make decisions to give.

Fred Lawrence: You have a fascinating talk on the long-term impacts of Earth Day. This one particularly struck me because I remember the first Earth Day. I was a freshman in high school, and I remember that it absolutely transfixed the school. Teachers, students, all of us were totally fascinated by us and the world. It was a year after the first moon landing, what our role and impact and all this was. I can tell you that to a 14-year-old, this appeared to be an inspirational story about how regular folks could come together and make an impact and could make a lasting difference. But I wonder, looking back on it now all these years later, was that in fact the story? How did the first Earth Day come about? And what are the lessons you think we can learn from its creation?

Daniel Hungerma...: The first Earth Day was founded by a US senator named Gaylord Nelson.

Fred Lawrence: Wisconsin.

Daniel Hungerma...: That is correct, and his goal was to try to change the national conversation about the environment. It began as a day that was going to involve students to a high degree. The organizers, Nelson and some of his friends, picked April 22nd to be Earth Day because they wanted a day that was before summer vacation started, but after spring break, and they wanted students - grade school, high school, college students - to be really, really involved. They knew that this was going to be a really key group.

I think it's important to say too that it was a really disorganized event. Earth Day was not brought to you by Pepsi, it was a do it yourself, figure it out, make it up day. Nelson and his staff had an office that was completely overwhelmed by interest. The phone was ringing off the hook. And if you called and said, "What's going on with this Earth Day?" They'd say, "Well, we'll mail you a little one-page thing with some quick thoughts on it, but you're on your own, really." And so everywhere in communities all across the country, people just made it up. About one in 10 Americans participated. It was the largest demonstration in the history of the world.

In the work that I did, we try to look at the power of Earth Day by exploiting the weather. I'll give you a quick spiel on that. We didn't just want to compare places that had big Earth Day celebrations to places that had small ones. Down the road from me here in South Bend, Indiana, you have Gary, Indiana. That's a town with a lot of problems, and it's a town that did not celebrate Earth Day very much. To take another town, Boulder, Colorado. Boulder had a huge Earth Day celebration, and by a lot of measures, Boulder has had a lot of good things happen to it since then. You don't want to just compare Gary and Boulder and conclude that any differences from them are driven by Earth Day. That would be wrong.

You can't just flip a coin and do an experiment to study this. Earth Day wasn't randomly assigned. What I and a student here at Notre Dame named Vivek Morathy, who now is a professor at Holy Cross, who'll actually, I think, be joining the faculty at Florida State in the fall, what we decided to do was use the weather as a coin flip. We looked at places that got lucky with great weather versus places that had unlucky terrible weather. Rather than compare Gary and Boulder, you're looking at Gary, Indiana's, so to speak, that got good weather versus Gary's that got bad weather and Boulder, Colorado's that got lucky with good weather versus Boulder's that had bad weather, and what we found was if your town had really good weather on April 22nd, 1970, people in your town 10 to 20 years later are more likely to express support for the environment.

Fred Lawrence: Wow.

Daniel Hungerma...: You also have less air pollution, in particular less carbon monoxide, and children born in your town, infants born in your town, look healthier. They're less likely to have congenital abnormalities if the weather was good in your town on April 22nd, 1970. It's evidence that Earth Day really mattered and that the effects really, really lasted.

Fred Lawrence: Well, we've been delighted to have you as a Visiting Scholar, but before I let you go, I do want to ask you to help our listeners build their reading lists. I know that some of the people who've been listening would have been particularly interested in economics generally, behavioral economics or charitable sector economics or faith-based sector economics in particular. But for some, this is all fairly new, and it's a field of interest, but not much they have much background in. I wonder if you could give us a couple of suggestions for our bookshelves for each, those for whom this is new and those who've got a fair level of background, but are looking to take this to the next level.

Daniel Hungerma...: Yes, absolutely. If you're interested in work on charitable giving and especially charitable giving of the super rich, I feel like a great entry point would be the book, *The Givers* by David Callahan. That is a book that talks about some of the pros and cons of super high-powered philanthropy and the giving of the super rich. It is full of interesting anecdotes and stories. My take on it is that it's a pretty even-handed book

also. He's willing to talk about the good things, but then also willing to say, "Here are some concerns I have about this." It's a book written for a general audience. One book I'll mention, it's a classic, but just on the off chance there's anyone listening who doesn't know it and be glad to hear it, it would be *Bowling Alone* by Robert Putnam. I teach a class on generosity here at Notre Dame, and that's the first thing we do as a reading of *Bowling Alone*.

Fred Lawrence: And it holds up remarkably well.

Daniel Hungerma...: Incredibly well.

Fred Lawrence: Right. It was extremely valuable when it first came out, but I think there's a freshness to it that one might not have anticipated at the time that still resonates in our time.

Daniel Hungerma...: For sure. The 10-second version is he comes up with this, I don't want to say he comes up with the notion of social capital. Some other people had come up with that idea. He didn't completely invent it from scratch, but he champions it. He says, "Here's this notion, social capital. This is an important notion for understanding why communities do good or not." And then he argued that social capital in the United States was declining. His key example is bowling. He says, "Bowling leagues are really important to communities and bowling alleys, and they're on the decline, but people are bowling just as much as before; they're bowling alone." It's a brilliant, quick way to explain the sort of trends he saw. It's a brilliant book that has rightly been regarded as a classic. That would be another book. And if I can throw in one more.

Fred Lawrence: Please.

Daniel Hungerma...: If you're interested in religiosity, we talked some about faith-based charity and religious stuff today, Durkheim, *The Elementary Forms of Religious Life*. If I hopefully can do it justice and give it a very, very quick synopsis, Durkheim was a Jew living in France at the end of the 1800s at a time when France was getting way more secular, and it influenced his thinking a lot. This book is, I think, partly his contemplation of where society goes in that setting, and he argued that the need for people to participate in community events that celebrate community is hardwired and that those celebrations are going to have special rules. They're going to create symbols that represent the community, they're going to imbue those symbols with special properties, and behavior that would be regarded as weird in everyday life is going to be regarded as appropriate and good during these celebrations. A profound book by Emile Durkheim there.

Fred Lawrence: And fortunately for us, the works of Durkheim have long since been translated, and there are a number of really very, very good and thoughtful translations of Durkheim sociologists and theorists. Very important work that I did in the criminal law area, which shows you how wide-ranging he is. You've put some really important works on our bookshelf and given us some good work ahead. It's clear from your enthusiasm for

the topic why you're a successful teacher at Notre Dame, but it's also clear from your writings the impact you've had on the field. I'm so grateful we've been able to have you with a family of Phi Beta Kappa Visiting Scholars this year, and I'm particularly grateful today for you coming in and sitting down with me on Key Conversations with Phi Beta Kappa.

Daniel Hungerma...: Thank you so much for having me. It was great.

Fred Lawrence: This podcast is produced by Phantom Center Media and Entertainment. Kojin Tashiro is lead producer and mixed this episode, and Hadley Kelly is the Phi Beta Kappa producer on the show. Our theme song is Back to Back by Yan Perchuk. To learn more about the work of the Phi Beta Kappa Society and our Visiting Scholar program, please visit pbk.org. Thanks for listening. I'm Fred Lawrence. Until next time.

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