**Charity Begins at Home (and at School): Effects of Religion-Based Discrimination in Education**

***Edith Sand***

***Joint with*** *Victor Lavy and Moses Shayo*

**Abstract:**

Religions often preach preferential treatment of fellow believers.

This paper examines whether one’s religious status (secular or religious) leads one to discriminate against people with a different religious status; how this affects human capital formation; and whether this discrimination is affected by exposure to others with a different religious orientation.

We develop a method of detecting individual religious status and apply it to study grading decisions on national matriculation exams in Israel’s Jewish state education.

Comparing grades given by religious versus secular examiners to religious versus secular students, we find evidence of in-group bias.

This bias is almost entirely driven by male examiners.

Exploiting bunching in the grade distribution, we are able to examine who drives this observed bias: the secular or the religious.

In addition, we find that in some cases exposure at home and at work to others with different religious beliefs may attenuate the bias.

These biases in grading have long-run implications since they affect students’ eligibility for university admission and as a result their occupation and earnings in adulthood.