Is Altruism (Always) Good for Society?
The Problem of Particularistic Giving in a Diverse Society

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Raise your hand if you think that...

- Altruism is good
Raise your hand if you think that…

• Altruism is good

• Philanthropic donations should be favored by public policy
Raise your hand if you think that…

- Altruism is good
- Philanthropic donations should be favored by public policy
- The nonprofit sector contributes to social coherence
What % of total individual charitable donations goes to the poor and needy?

- 30%
- 50%
- 70%
- 90%
What % of total individual charitable donations goes to people who are (~) in-group?

- 30%
- 50%
- 70%
- 90%
What % of donors give most of their donations to (~)in-group?

- 30%
- 50%
- 70%
- 90%
Concepts

• Individuals identify with groups with which they share certain attributes: race, height, religion, education, gender, ability, class, etc.
  – Attributes may intersect, e.g., religion and class, ethnicity and gender
  – **Strength of identities** vary in degree of importance
• Identity are bases for
  • In-group vs. out-group distinctions
  • Homophily vs. heteromiseo
• Particularistic: related to a specific group
  • E.g., “our poor” (vs. universalistic “poor”)
• **Diversity** (vs. homogeneity)
  • Different groups sharing the same space
Philanthropy, the NPS and strong identities

• **Philanthropy and the NPS often arise from diversity**
  – Self-provision when government does not provide enough
    • *For the weak, disadvantaged minority groups with little influence on government*
    • *For the powerful who do not want to pay taxes to fund others*
  – Grounded in - and expression of - care (altruism) for members of a community

• **Philanthropy and the NPS often strengthen identities**

• Articulating altruism towards in-group, not towards out-group
  – In a diverse and polarized society, it is important to moderate identities

• **Philanthropy and the NPS have an important role in this**
Flow of the presentation

• Will present data that suggest that philanthropy is substantially biased towards in-group, particularistic giving
• Will argue that evolution has generated a need for identity, and strong favoritism towards in and antagonism towards out-group
• Will argue that philanthropy tends to strengthen identities
• Will claim that oppositional canonical identities cause big conflict
• Will suggest that the benefit-cost analysis of strong identities is contingent on various factors
• Once the benefit/cost analysis was favorable, today it appears unfavorable
• Philanthropy has an important role in reducing the strength of identities to reduce the extent of the negative consequences in a diverse society
Who Benefits from the Nonprofit Sector?
edited by Charles Clotfelter (1992)

- Where do donations go? Who are the beneficiaries of nonprofit activities, by industry?
- **Unexpected conclusion:** nonprofit organizations do not operate primarily for the benefit of the poor
A look at data on who gives to whom

– Philanthropic giving based on study by Center for Philanthropy at Indiana University
  • Data from US income tax filings of those who itemize contributions (30% of taxpayers)
  • Estimates for non-itemizers based on surveys

– Giving in experiments
  • donor and recipient are matched on certain characteristics
Figure 2: Estimated charitable giving, US 2005 by focus on the needs of the poor vs. non-poor

*Source: Center for Philanthropy IU for Google*

Estimated total charitable giving to poor, religion and other purposes
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Source: Center for Philanthropy IU for Google

Estimated total charitable giving to poor, religion and other purposes

The poor and the needy get 30%
Allocation of charitable giving to poor and other purposes, by donor annual income group

- For poor
- Other (not for poor)
- Religion-Benevolence for poor
- Religion, congregation operation

a. 90.4% of Households Income <$100k
   - Other (not for poor): 14%
   - For poor: 22%
   - Religion-Benevolence for poor: 13%
   - Religion, congregation operation: 51%

b. 7.4 of Households Income $100k-200k
   - Other (not for poor): 19%
   - For poor: 26%
   - Religion-Benevolence for poor: 11%
   - Religion, congregation operation: 44%

c. 2.1% of Households Income $200k-$1 mil
   - Other (not for poor): 53%
   - For poor: 24%
   - Religion-Benevolence for poor: 5%
   - Religion, congregation operation: 18%

d. 0.2% of Households Income > $1 mil
   - Other (not for poor): 61%
   - For poor: 19%
   - Religion-Benevolence for poor: 3%
   - Religion, congregation operation: 17%
Allocation of charitable giving to poor and other purposes, by donor annual income group

$109 billion given by 98% of households; give most to in-group (religion)
$143 billion given by 2% of households; give most to in-group (culture)
<table>
<thead>
<tr>
<th>Household Income</th>
<th>Religion</th>
<th>Combined</th>
<th>Help meet basic needs</th>
<th>Health</th>
<th>Education</th>
<th>Arts</th>
<th>Other</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>&lt; $100,000</td>
<td>59.98</td>
<td>7.70</td>
<td>9.34</td>
<td>3.06</td>
<td>2.69</td>
<td>1.01</td>
<td>6.16</td>
<td>89.92</td>
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<td>$100,000 to $200,000</td>
<td>11.39</td>
<td>2.16</td>
<td>2.46</td>
<td>1.12</td>
<td>1.14</td>
<td>0.44</td>
<td>1.17</td>
<td>19.88</td>
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<td>$200,000 to $1 million</td>
<td>21.01</td>
<td>10.19</td>
<td>5.30</td>
<td>4.81</td>
<td>29.15</td>
<td>13.57</td>
<td>7.45</td>
<td>91.48</td>
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<td>$1 million or more</td>
<td>8.64</td>
<td>2.06</td>
<td>1.93</td>
<td>12.97</td>
<td>12.94</td>
<td>7.88</td>
<td>4.85</td>
<td>51.27</td>
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<tr>
<td>Total</td>
<td>101.00</td>
<td>22.11</td>
<td>19.03</td>
<td>21.96</td>
<td>45.92</td>
<td>22.90</td>
<td>19.63</td>
<td>252.55</td>
</tr>
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</table>
“Who gives to whom” – Experimental evidence

• Several experimental studies focus on the relationship between donors and recipients, mostly, in-group vs. out-group giving in dictator game settings
  – Ben-Ner et al 2009) giving to in-group is greater than to out-group
“Who gives to whom” – Experimental evidence

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Liking to share office, commute or work with – similar pattern
In sum

• Giving favors in-group over out-group
• Need to understand why is that so
  – Evolutionary theory to explain homophily and heteromiseo
Biological evolution

- Genes that survived over countless generations: seek to multiply (those that do not are displaced by those that do)
- Genes drive individuals that carry them to act to support their reproduction
- Hamilton’s (1964) theory of inclusive fitness and kin altruism:
  - genes incline their carriers to care for carriers of same genes
    - Identical twins have ~ identical genetic makeup
    - Siblings share about half of their genes
    - Distant relatives share less
    - Unrelated individuals share even less
Traits/inclinations
Selfishness, altruism, indifference and enmity

• Genes’ drive is expressed in traits that emerged during evolution
  – Selfishness. Generating and safeguarding resources enhances the reproductive capacity of an individual directly through health and longevity, which allow the individual to have more offspring
  – Altruism. Individual A shares some resources with B and C if these can reproduce better the common genes (gene selfishness)
  – Indifference. Displayed against those who are neither kin nor competitors for resources
  – Enmity/animosity. Antagonism against individuals/groups that compete with the individual for resources
Maximization of reproductive capacity:
Equalize MR from alternative investment opportunities

Illustrations

• A1: 25 year-old woman with $3,000 per month
  – needs to invest in her health, food, shelter, etc. to to bear children (selfishness) and help them grow to reproduce further her genes (immediate-kin altruism)
  – A will keep most of her money
• A2: 55 year-old woman with $6,00 per month
  – will invest in her children, and if these are well off, also nephews, nieces and such
• A3: 55 year-old wealthy woman
  – will invest also in the reproductive capacity of more distant kin if closer kin can ensure their own successful reproduction
The drive to maximize reproductive capacity

- The concentric circles of genetic relatedness and inclinations towards different groups
  - Individual and immediate family (*selfishness – keep resources*)
  - Extended family (*altruism – give*)
  - More distant relatives (*weaker altruism – give when others’ needs are met*)
  - Neutrals (*indifference*)
  - Competitors and enemies (*animosity – take, and protect against*)
Resources for reproduction

Keep, give and take

• The drive to obtain resources may entail attempts to take resources from others who are genetically less related
  – Many forms of taking: e.g., reduce taxes, pollute air, invade
• Related individuals need protection from others
• This leads to conflict and war (Shaw and Wong, 1989 and Choi and Bowles, 2007)
  – the biological impulse does not dictate permanent war against non-kin, for this would be a bad reproductive strategy (Bowles, 2009)
• How all this plays out depends on the size of society, etc.
Cultural and psychological evolution

• In ancient small societies, the circles of relatedness were clear
• In modern societies natural distinctions blur
• People look instinctively for markers of relatedness
  – Language, Features, Skin color, Religion, Culture, Customs, Dress, etc.

• **Need to create and reaffirm identities** and markers of relatedness and connection to group
• **Justification of differences** often through favorable views of in-group members and less favorable of out-group
  – Stronger in-group love – stronger out-group hate
Mechanisms for expression of kin altruism

- **In small societies:** biological impulse easy to act on
- **In complex societies:** kin & others hard to distinguish
  - Altruism aimed only at detectable kin is excessively restrictive
    - prevents helping the reproductive capacity of related individuals
  - Acting just on instinct – helping those who appear to be kin, and being indifferent to or hostile towards others – may not be good reproductive strategy
  - Instinct must be tempered & complemented by more refined strategies
    - norms and values of compassion, cooperation with groups that go beyond immediate kin
  - When religion, beliefs, nationality, skin color, etc. overlap: animosity is heightened
Inculcation of pro in-group and anti out-group attitudes

• Inculcation of favorable attitudes towards one’s group and reaffirmation of its values - carried out through various means
  – institutions (schools, political parties, associations, religious institutions and family) that transmit and reaffirm values through teaching, preaching and setting examples

• Cultivation of unfavorable attitudes towards out-groups
  – indifference, concern, fear, enmity to outright hatred
The seesaw theory of altruism and enmity

- The stronger the altruistic feeling towards those who are closer to the individual, the stronger the animosity towards perceived competitors.
Institutions help reaffirm connections to group

- Practicing group’s customs, clothes, rituals
- Schools, etc.
- Making sacrifices for the group (Kanter, 1972; Iannaccone, 1992)
  - A common form of sacrifice is gifting - philanthropic contributions
    - Important group bonding aspect (Maus, 1954) in addition to instrumental purpose (build school, etc.)
    - Rituals, such as fundraising, reaffirming group
The nonprofit sector and philanthropy arise from diversity

E.g., James, 1993, Ben-Ner and Van Hoomissen, 1992, Wiepking, Bekkers and Osily, 2014

- Philanthropy and the nonprofit sector **reinforces and strengthens** identities in a diverse society and conflicts associated with some identities
nonprofit sector reinforces and strengthens identities

• The nonprofit sector is substantially identity-reaffirming through
  – Pursuit of common interests: advance and protect
  – In-group giving: deepens loyalty to group
  – Fundraising: emphasizes the good and goodness of the group
    • An in-group commitment mechanism
  – Social entrepreneurs (religious, ethnic, cultural)
    • Elevating the value of the group, downplaying the value of others
  – Lobbying against universalistic altruism (taxation to fund public goods (e.g., public schools) – tantamount to taking instead of giving
Benefits and costs of strong identities
(strong in-group oriented altruism)

*In a diverse society*

- Benefits
- Costs

Ben-Ner Hu, *The Bright and Dark Sides of Altruism*, in *Economics of Philanthropy, edited by Scharf and Tonin*, 2018
Benefit of in-group ‘love’ vs. costs of out-group ‘hate’

Striking a balance

- Benefits and costs are contingent on many factors
- Our attitudes towards altruism, philanthropy and the NPS were shaped long time ago
- They may be lagging behind reality
Benefit-cost analysis of promoting and acting on strong identities, then and now

**Then**
- As de Tocqueville noted, the immigrant-forged American society relied heavily on voluntary associations
  - These provide important social capital and social order, mutual assistance, sense of belonging, mitigating problems of collective action, practicing participatory democracy, and contribute to pluralism and diversity in ideas and practice
  - Enabled by philanthropy and voluntary action

**Now**
Beyond de Tocqueville
- Participation in the NP sector is largely identity-based, in-group oriented
  - identity/homophily: religion, ethnicity, nationality, class, culture, etc.
- There is a lot of good with this (Tocqueian argument)
- But there is a negative side - heteromiseo
  - Clashes between identities destabilize society, cooperation and economy
Qualifications and complexities of heterogeneity

• Does *all* particularistic giving lead to or harden polarization?
• Social entrepreneurs of various kinds  
  – How about discriminated-against groups?
• Heterogeneity in how individuals and organizations behave  
  • Personality, personal history, incidents, etc.
  • Many religious, ethnic and cultural organizations embrace universalistic values
• Evolutionary instinct is tempered by more refined strategies  
  • norms and values of compassion, cooperation with groups that go beyond immediate kin
• True. But we are where we are.
In a splintered society

• The charitable sector may feed on and reinforce stronger oppositional identities and attitudes, including
  – benign behaviors, such as preference for certain types of rituals, food, music, or dress
  – favoritism towards in-group members and discrimination against out-group members
    – hampers cooperation in economic transactions, social interactions and in the political sphere, resulting in a less efficient and productive economy and polity (e.g., Alesina and La Ferrara, 2005, Putnam, 2007)
• may also result in hostile behaviors towards out-group members
Recommendation for NPOs

• Moderate emphasis on identity and distinctions
• Focus on remedies to market failures
• Provide services based on universalistic criteria
• Provide services that reduce distance between groups
• Help level the seesaw
Future research

• Measure the side effects (externalities) of philanthropy on social cohesion and conflict
  – Study fundraising appeals: pro in-group, anti out-group?

• Identify policies that nonprofit organizations can take to moderate the intensity of canonical identities

• Identify measures to promote identities that do not divide society along traditional cleavages by help satisfy the need for the need for identity
Thank you!
Is religious giving in-group particularistic giving? Is it correlated with universalistic giving?

- Diverse definitions, data and analytical methods
- Positive correlation religiosity & religious giving but no correlation, or negative correlation, with secular giving (Brown and Ferris 2007, Choi and Dinitto 2012, Grossman 2004); Bekkers and Wiepking (2011) literature review: religiosity does not predict giving to secular purposes consistently across studies
- “Religious gifts may be motivated by something different than motivations underlying gifts to other charitable organizations” (List 2011)
Religious giving: narrow in-group
(Religion as a club, Iannaccone, 1994)

• Giving to a congregation: generally donor’s own congregation
  – In the US, congregations are, for the most part, segregated by race, ethnicity and socio-economic status (43% of churches are completely racially homogenous, Dougherty 2003)
  – They are less welcoming of people from a different background than that of their members (Wright et al., 2015)

• Furthermore, many donate to ethnic and cultural organizations that are informally related to religious but not identified as such in statistical reports (e.g., choirs, museums, cultural centers and community centers)

• In dictator game experiments
  – Greater generosity of religious givers is confined to churches and church-based institutions but does not extend to secular charities (Eckel and Grossman, 2004).
  – Children aged 5-12 in six countries: children raised in religious families are less altruistic than children from nonreligious families (Decety et al., 2015)