

Cross-national variation in charitable giving

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Research question

Why does charitable giving vary among countries?

Sources for this lecture:

- Einolf, C.J. (2015). The social origins of the nonprofit sector and charitable giving. In F. Handy & P. Wiepking (Eds.), *The Palgrave Handbook of Global Philanthropy* (pp. 509-529). London: Palgrave Macmillan.
- Einolf, C.J. (2015). Charitable giving in the West and the world. Paper presented at the 2015 conference of the European Research Network on Philanthropy (ERNOP), Paris.

Theories

Paper I: Charitable giving in the West and the world

1. Economy
2. Political system
3. Culture, religion, and values
4. The West vs. the Rest

Paper II: The social origins of the nonprofit sector and charitable giving

1. Social origins in the West
2. Future scenarios for the Rest

Economic theories

H1a) GNP positively correlates with giving

- Growth of middle class and labor specialization lead to participation in voluntary groups (Bailer et al. 2012)

- More money to give away

H1b) GNP negatively correlates with giving

Government meets social service needs (Salamon & Anheier 1998)

Economic theories

H2a) Government welfare spending negatively correlates

“Crowding out” effect (Salamon & Anheier, 1998)

H2b) Government welfare spending positively correlates

Government support signals trustworthiness and supports nonprofits, making fundraising possible (Nguyen, 2015)

Most prior studies do not support crowding out hypothesis

Political theories

H3) Political freedom positively correlates

- Fewer restrictions on nonprofits

H4) Government effectiveness positively correlates

H5) Lack of corruption positively correlates

- Prior research find these correlate with civil society
- Effectiveness and lack of corruption place fewer barriers and transaction costs (bribes)

Political theories

H6) Former communist countries have less giving

- No nonprofit sector under communism

H7) Age of country (state formation) correlates positively with giving

- Older countries have more time to develop a nonprofit sector

Cultural theories - religion

H8) Religiosity predicts giving

- Religious values, social networks

H9) Religious diversity predicts giving

- Government failure theory (Wiesbrod 1977): diverse demand preferences

- Entrepreneur theory (James 1987): religious competition

- Social origins (Salamon & Anheier): state-religion alliances discourage competition

Cultural theories – religion

H9) More give in Protestant countries

Less hierarchy, more participation, more competition, less state support

H10) Muslim and Buddhist countries - ?

No known research

Cultural theories: Ethnic & linguistic diversity

Bad for giving? Diversity = division, discord

Good for giving? Diversity = mobilization for competition

Diversity correlates with voluntary association membership
(Anderson & Paskeviciute, 2006).

H11: More give in ethnically diverse countries

H12: More give in linguistically diverse countries

Methods:

Data:

Giving: Gallup World Poll (Did you give to charity in the last month)?

Independent variables: Country level variables from UN, other sources. Most from World Database of Happiness dataset (Veenhoven 2015).

Results: Economic and political

H1 GDP/capita	.557***
H2 Government expenditure on health care	.398***
H3 Civil liberties	.409***
H4a Government effectiveness	.526***
H4b Control of corruption	.539***
H5 Former communist	-.263**
H6 Country age	-.023

Results: Religion and culture

H7 Religious diversity	-.078
H8 Religiosity	-.104
H9 Percent Protestant	.246*
H9 Percent Catholic	.213*
H10 Percent Jewish	.127
H10 Percent Muslim	-.139
H10 Percent Buddhist	-.041
H11 Ethnic diversity	-.253**
H12 Linguistic diversity	-.110

Summary:

Economic and political development is positive

Few religion variables matter, except Christian is positive

Ethnic diversity is negative, linguistic diversity is non-significant

4. The West vs. the Rest

Most of these variables originate in studies of Western countries (Europe & former British colonies).

- a. Is “Christian” positive because Christian = Western?
- b. Do these variables work in the rest of the world?

Economy and politics:

	All	Western	Non-Western
H1 GDP/capita	.557***	.296*	.328***
H2 Government expenditure on health care	.398***	.226	.035
H3 Civil liberties	.409***	.492*	.114
H4a Government effectiveness	.526***	.468*	.180^
H4b Control of corruption	.539***	.450^	.149
H5 Former communist	-.263**	n/a	-.215*

Religion and culture:

	All	West	Rest
H7 Religious diversity	-.078	.336*	-.163
H8 Religiosity	-.104	-.002	.147
H9 Percent Protestant	.246*	.342*	-.096
H9 Percent Catholic	.213*	.079	.122
H10 Percent Jewish	.127	.142	.253^
H10 Percent Muslim	-.139	-.037	.025
H10 Percent Buddhist	-.041	.010	.377*
H11 Ethnic diversity	-.253**	-.001	-.018
H12 Linguistic diversity	-.110	.206	.030

West vs. Rest results:

Economics and politics still important

Christian is not when these are controlled

Religious diversity and Protestant matter in West

Buddhist matters in the Rest

The Rest: Rich and Poor

	Mid- income Non- Western	Low- income Non- Western
H1 GDP/capita	.580**	.176
H4a Government effectiveness	405*	.099
H4b Control of corruption	.361^	-.009
H5 Former communist	-.390*	-.178
H6 Country age	-.042	.253*
H8 Religiosity	.441*	.175
H10 Percent Jewish	0.320	-.237^
H10 Percent Buddhist	-.055	.341**

Rest: Rich vs. Poor results

Variables effectively predict giving in middle income non-Western

Variables little use in low income non-Western countries

Paper II: The social origins of the nonprofit sector and charitable giving

1. Government-NGO relations: love and fear
2. Social origins theory in the West
3. Future scenarios for the Rest

Non-profit government relations

Governments like and fear nonprofits. Why?

Like: Nonprofits raise funds and provide services. Take on government's burden.

Fear: Nonprofits challenge government authority and decisions.

Non-democratic countries are particularly threatened by nonprofits.

Governments' response to nonprofits:

Governments can ignore nonprofits or ban them entirely.

Usually, governments work with nonprofits – and try to control them.

Social origins theory

The size and strength of the nonprofit sector depends on historical relations between classes, nonprofits, and the state.

Liberal countries (US, UK, Canada, Australia): Strong middle class, smaller welfare state. Large, independent nonprofit sector; high charitable giving.

Social democratic countries (Nordic countries, the Netherlands): Strong working class, large welfare state. Large nonprofit sector that influences government, high charitable giving.

Corporatist countries (Rest of Western Europe): Elite classes created a welfare state that preserves class divisions. Nonprofit sector tied to government. Lower charitable giving.

Statist (Japan, Brazil): State retained its autonomy, independent even of the elites. Small welfare state and nonprofit sector.

Deleting the statist category

Japan is a special case (Haddad, 2011). Other “statist” countries are just poor.

My assumption: “Statist” countries are early on a path that could lead to liberal, social-democratic, or corporatist.

Testing social origins theory:

H1: % who give – Liberal > corporatist > social democratic

Welfare state services crowd out donations.

H2: % who give to services: Liberal > corporatist > social democratic

Welfare state services crowd out donations.

H3: % who give to expressive: social democratic > liberal > corporatist

Welfare state causes donors to transfer giving from services to other causes (Sokolowski 2013): expressive, advocacy, environment, and international

Findings:

H1: % who give – Liberal > corporatist > social democratic

Result: Social democratic > liberal > corporatist

H2: % who give to services: Liberal > corporatist > social democratic

Result: Social democratic > liberal > corporatist

H3: % who give to expressive: Social democratic > liberal > corporatist

Result: Social democratic > liberal > corporatist

Summary:

Social democratic countries have highest rates of donations in all categories

When amount given is the independent variable, liberal countries give more overall. But this is due to US religious giving (an outlier).

Social origins theory is not very predictive

What about the rest?

Few governments are on a path to liberal or social democratic regimes.

Most have very weak nonprofit sectors.

Those with strong nonprofit sectors are corporatist.

Within corporatist, who has the power?

Governments can coopt or control nonprofits

Nonprofits can be strong and independent, influencing government

Governments and nonprofits can cooperate, power balance is more equal

What can international funding do?

Positive:

- Give nonprofits support until they become self-sustaining
- Give nonprofits support to maintain political independence

Negative:

- Create unsustainable, even corrupt nonprofits
- Legitimize nonprofits that are government-controlled or coopted

What influence can international funding have?

Failures:

China and Vietnam: Government-controlled nonprofit sector

Former Soviet Republics, Kazakhstan: Weak, aid-dependent nonprofit sector

Successes:

Taiwan, South Korea: International funding supported economic growth, political freedom, and strong, independent non-profit sector

Egypt, Indonesia: Politically independent non-profit sector contributed to political change

How to develop a strong, independent nonprofit sector:

- 1) Projects that promote economic growth and political freedom
- 2) Remember that nonprofits can be a threat to governments
- 3) International funding can build nonprofit capacity and independence (South Korea, Taiwan, Indonesia, Egypt)
- 4) But avoid these traps:
 - Supporting a government-controlled sector (China, Vietnam)
 - Pumping money into a nonprofit sector that exists only on paper (former USSR)