

Ethnic Diversity and Private Redistribution

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1. INTRODUCTION

As U.S. and European societies become more racially and ethnically diverse, an important question is how these changes will impact social and economic life. Several authors have argued that rising heterogeneity may lead to weaker welfare states, by reducing the willingness of citizens to redistribute their incomes.¹ For example, European states tend to have more generous welfare and social insurance policies compared to those in the United States. (Alesina, Glaeser and Sacerdote, 2001) In addition, Luttmer (2001) documents that support for public redistribution to the needy is lower within more ethnically heterogeneous U.S. communities. To date, much of the literature has focused on support for one type of redistribution –welfare.² Much less is known about how ethnic heterogeneity will affect other channels of redistribution to the needy.

This paper takes on an important aspect of this debate by examining how ethnic heterogeneity affects private redistribution to the needy. To our knowledge, this paper represents the first attempt to examine this question. Our approach is informed by noting that a large majority of U.S. households donate to charitable causes. Based on recent figures, in 2003 nearly 90 percent of U.S. households gave to charitable causes, and total contributions amounted to about \$240.92 billion – nearly 2.2% of GDP. Charitable giving to the needy is often a *voluntary* act of income redistribution. In addition, U.S. charitable organizations play a central role in redistributing income and providing goods and services to the needy. Accordingly, we also examine the relationship between private donations to the needy and the level of public redistribution to shed light on the extent to which government transfers crowd out private contributions to the needy.

The empirical analysis in this paper is based on new data on private redistribution to the needy from the Center on Philanthropy Panel Study (COPPS), a module in the Panel Study of Income Dynamics (PSID). These data represent the largest one-time study of philanthropy in the United States and provide a unique opportunity to study the impact of ethnic heterogeneity on charitable giving at the household-level. To obtain information on ethnic and racial heterogeneity, income inequality, and other community characteristics, we link U.S. 2000 census

¹ Several authors have documented that community heterogeneity may lead to lower provision of local public goods, trust towards others, and participation in social groups using U.S. data (Alesina, Baqir and Easterly, 1999; Alesina and LaFerrara, 2000). A related literature examines how ethnic heterogeneity affects public policy choices and economic outcomes using cross-country data (Easterly and Levine, 1997).

² Some evidence shows that public attitudes toward state-funded welfare programs may differ from public attitudes toward other spending on the poor (Jacoby, 1994).

data at the county and Metropolitan Statistical Area (MSA) levels to the PSID household-level data using geographic identifiers available from the PSID.³

A unique strength of the data is that we can study charitable giving to various causes including donations to organizations that serve the needy. There are few existing sets that allow us to examine charitable giving for a representative sample of U.S. households. The data set contains a rich set of economic and socio-demographic variables including high quality data on income and wealth, migration and labor market experience, and household composition. In addition, the dataset contains, which are typically unavailable within existing data sets on philanthropic behavior, allowing us to control for the household's economic resources.

There is a growing need to understand how changing ethnic and racial composition will affect community-level outcomes in the U.S. and other societies. The results of this study have the potential to contribute to important debates concerning the relationship between private and public income redistribution.

2. CONCEPTUAL FRAMEWORK

Economic theory provides a framework for understanding private income redistribution. With altruism, households contribute money and time to organizations that serve the needy because they care about the recipients of those organizations. Under the exchange motive, households transfer resources because they benefit directly from their contributions to the needy. For example, donors may derive benefits in the form of a “warm glow” or joy from giving (Becker, 1974; Andreoni, 1989, 1990) which depends on the size of the contribution to the needy. The framework considers the role of both motives in the household's transfer decision.

Within altruism and exchange-based considerations, community-level variables, including ethnic heterogeneity can influence the household's transfer decision. In this section, we present the conceptual framework. The formal model is detailed in an appendix, which is available upon request.

Ethnic Heterogeneity and Charitable Contributions

Ethnic heterogeneity can affect private redistribution through the inter-household considerations in the form of altruism towards one's own ethnic community, transaction costs of organizing, and heterogeneity of preferences. These mechanisms discussed in this section suggest that ethnic heterogeneity can have a negative impact on contributions.

³ Some of the data used in this study are based on the sensitive PSID-Geocode Match files, obtained under special contractual arrangements from the Panel Study of Income Dynamics meant to protect the anonymity of the respondents. These data are not available from the authors. For more information, please contact the PSID directly at psidhelp@isr.umich.edu.

Inter-household Considerations: Ethnic heterogeneity may influence charitable contributions to the needy through altruistic preferences. The extent to which altruistic preferences lead to variations in the level of support for community services depends on differences across households in the correlation between the weights a household (i) places on the utility of another household, (j) and the marginal benefit of i 's contribution to j . The marginal benefit of i 's contribution to household j is positive if j receives community services. In particular, support for charitable institutions, and hence the level of contributions is higher among individuals for whom this correlation is larger.⁴

Thus, ethnic heterogeneity will affect contributions if the weight that household i places on the utility of household j is higher when j belongs to i 's ethnic group. The prediction that emerges here is that household i will increase its contributions as the number of similar households who benefit from the services of the charitable organization rises. In this paper, we test the altruism towards one's own ethnic group hypothesis by investigating the impact of the share of beneficiaries from a household's ethnic group on the probability and level of contributions.

Transaction Costs: Community-level production often depends on trust and communication among groups. Ethnically diverse communities may have low levels of trust and may lack community-level norms of reciprocity, particularly if these attributes are cultivated within ethnic groups (Gugerty and Miguel, 2002). With high transaction costs in a community, the formation of community-level charitable organizations may be more difficult. Furthermore, it may be more costly to produce services for the needy in the presence of communication barriers arising from ethnic heterogeneity. Thus, high transaction costs will have a negative effect on organization existence and will decrease the probability of giving. We test the transaction costs hypothesis by constructing an index of ethnic heterogeneity and measuring its effect on the probability and level of monetary transfers to the needy.

Diverse Preferences: Ethnic heterogeneity may lead to a polarization of preferences where a larger fraction of the community may find the type of services offered by the charitable organization undesirable. This polarization has a negative effect on the probability of contributions, and the level of monetary transfers to the charitable organization when there is only one type of transfer under consideration.⁵ If the type of services provided is based on majority

⁴ This is unambiguously the case when there is only one type of transfer. When the household considers both money and time transfers, we need a restriction on the cross-utility effects as specified in the discussion of diverse preferences.

⁵ If households jointly choose monetary and time transfers, then the effect of diverse preferences is more complex. Specifically, if the marginal utility of money and time contributions diminishes "rapidly enough"

preferences, a household from a non-majority group may find them less desirable and will be less likely to contribute to their production.

It is important to recognize that ethnic heterogeneity may also be positively associated with contributions. Within ethnically diverse settings, charitable organizations serve the poor when governments and markets fail to satisfy the heterogeneous needs of consumers leading to a larger supply of organizations (Weisbrod, 1988). Diverse preferences may lead to a wide range of opinions on what type of goods and services charitable organizations should provide to the needy, and within democratic systems of government, the supply of goods and services to the needy may reflect the preferences of the median voter only Weisbrod (1988:27).

In this section, we have discussed the channels through which ethnic heterogeneity may affect charitable contributions. We examine the relative importance of these mechanisms using various ethnicity measures in the empirical section of the paper.⁶

3. DATA

The new PSID philanthropy module used in this paper is unique because it provides high-quality data on charitable giving, comparable to the U.S. Individual Taxpayer Return data⁷ (Wilhelm, 2002). Most existing data sources on U.S. charitable giving do not provide detailed information on charitable giving and high quality information on income and wealth is often unavailable.

In this study, we define charitable giving to the needy as contributions to qualified nonprofit organizations that serve the needy and are eligible for the charitable deduction according to the definitions provided by the Internal Revenue Service. The key dependent variable in our study is charitable giving to the needy. We examine “giving” as dichotomous variable, which is equal to 1 if individual i gave a transfer to a charitable organization that served the needy in the survey year,

to compensate for any possible negative cross-utility effects of money and time transfers, then we expect the probability and level of money and time contributions to decrease with greater heterogeneity in preferences.

⁶ Another channel that inter-household effects may affect the time transfers is when households prefer to interact with others who belong to the same ethnic or socio-economic group, as modeled by Alesina and LaFerrara (2000). In their model, individuals derive disutility from interacting with people who belong to a different ethnic group. For this reason, time contributions may be particularly responsive to the share of participants in the community organization who belong to one's own ethnic group and the household's non-majority status in the community.

⁷ The PSID philanthropy module is the only dataset on giving that is comparable to the IRS taxpayer data in coverage. However, we should note that the IRS taxpayer database provides a more accurate picture of charitable giving at and above the 90th percentile of charitable giving.

and 0 otherwise. We also investigate the amount transferred, a continuous variable, which is defined as the log of the total monetary contribution to a charitable organization.⁸

The measures of charitable giving are constructed using the following questions, which were posed to PSID survey respondents: “During the year 2000, did [you/you or anyone in your family] donate money, assets, or property with a combined value of more than \$25 to religious or charitable organizations?” Furthermore, the detailed PSID philanthropy module provides information on charitable organizations that served the needy for the entire sample.

The empirical literature on charitable giving emphasizes the effect of taxation on charitable contributions. Given the tax-deductibility of charitable contributions, higher marginal tax rates should lower the price of charitable giving. The price of formal charitable giving is calculated by 1 minus the marginal tax rate for itemizers and unity for non-itemizers. We calculate the marginal tax rate for itemizers using TAXSIM version 5 (Feenberg and Coutts, 1993).⁹

In the analysis, we include several household characteristics, such as age of household head, age squared, marital status, gender, educational attainment, race and ethnic origin, family size, unemployment status, immigrant status, and household income. To account for regional variation in charitable giving, we classify households into six geographic regions based on their state of residence.

The data set provides a comprehensive picture of the individual and community environment for over 5400 households.¹⁰ In particular, the PSID has a rich set of income and wealth measures, which we exploit in order to fully capture the household’s economic position. As permanent income tends to have a larger effect on charitable behavior than transitory income sources (Auten, Holger-Sieg, and Clotfelter, 2002), we use a measure of the household’s permanent income. The measure of permanent income is based on average family income from 1997, 1999, and 2001 waves of the PSID.¹¹

To obtain measures of ethnic heterogeneity and other community characteristics, we rely on the 1990 and 2000 Census Data. The United States has witnessed significant changes in the

⁸ More formally, the continuous measure of charitable giving is defined as $\log(1 + \text{total amount})$

⁹The 18 input variables used to calculate the price of giving include tax year (2000), marital status, number of children in the family unit, number of taxpayers (head and wife) over 65 years of age, labor income of the head, labor income of the wife, dividend income of head and wife, property income, pension income, gross social security income, transfer income, rent paid, property taxes paid, itemized deductions (charitable deduction and medical deduction), child care expense, and unemployment compensation.

¹⁰ We exclude the Survey of Economic Opportunity (SEO) sample in PSID in our investigation.

¹¹ Total family income can contain negative values. The number of households with negative numbers for those variables is relatively small and we replace those negative values with missing values.

ethnic and racial composition over the past two decades. According to the 2000 U.S. Census, approximately 30 percent of the population currently belongs to a racial or ethnic minority group. Using the 1990 and 2000 Integrated Public Use Microdata Sample (IPUMS) and 1990 and 2000 U.S. Census Summary File 3, we construct measures of ethnic heterogeneity, income inequality, and birthplace fragmentation at the Metropolitan Statistical Area (MSA) and county levels. The ethnic heterogeneity index (ETHNIC) captures the probability that two randomly selected households will belong to different ethnic groups. An ethnic heterogeneity index value of 0 for a community means that all households in the state belongs to the same ethnic group, while an ethnic heterogeneity index of 1 represents the maximum ethnic heterogeneity. In the study, communities with higher scores have greater levels of ethnic heterogeneity. We construct similar indices for income inequality. We also construct a variable to measure the fraction of the population that belongs to a given ethnic group

Table 1 provides summary statistics. Nearly 30% of households contributed money or materials to a charitable organization that served the needy. The PSID data also allows us to examine the allocation of charitable contributions across other categories of giving. We have detailed information on the incidence and levels of giving for six categories of charitable institutions: religious institutions, organizations that served a combination of purposes (such as the United Way), organizations that serve the needy, health care or medical research organizations, educational, and other charitable institutions. We have information on incidence, but not specific levels of charitable giving for youth, arts, community, environment, and international aid.

4. EMPIRICAL SPECIFICATION AND METHODS

Contributions to Charitable Organizations

This section presents an empirical model of the household's decision to contribute money, materials, and time to an organization that serves the needy in a given community. Let j index households and k index communities. We specify

$$Y_{jk} = \mathbf{B}_1 + \mathbf{B}_2 X_{jk} + \mathbf{B}_3 C_k + u_j + \varepsilon_{jk}$$

where Y_{jk} is the "latent variable" in the analysis that measures the net expected utility to household j from contributing money to charitable organizations that help the needy in community k , X_{jk} represents a vector of observable and unobservable household characteristics

including head's race, age, sex, marital status, years of schooling, household size, number of children in the household, log per capita permanent income, and the share of household's ethnic group; C_k is a vector of community characteristics including ethno-linguistic heterogeneity (log) population and (log) median income. ε_{jk} is the error term with $E[\varepsilon]=0$, $\text{Var}[\varepsilon]=1$.

We do not observe the "latent" variable, Y_{jk} but only the choice made by the household, which takes the value 1 if household contributes money to the charitable organization that serves the needy (i.e. Y_{jk} is positive), and 0 otherwise.

$$P_{jk} = 1 \text{ if } Y_{jk} > 0, 0 \text{ otherwise}$$

We then estimate a probit specification where the dependent variable is P_{jk} . The specification includes a rich set of household and community characteristics as explanatory variables.

The dataset contains information on the amount transferred to charitable organizations, but it is important to recognize that money transfers realized do not capture Y_{jk} . Economic theory suggests that the household makes a marginal benefit-marginal cost calculation when deciding on the level of transfers. Y_{jk} represents the difference between marginal benefits and marginal costs. With this caveat in mind, we estimate a Tobit model with the total amount of money transferred to charitable organizations as the dependent variables.

It may be difficult to fully capture all the community variables that affect contributions. Community characteristics such as civic traditions which may be unobserved, can also affect transfer patterns. Unobserved variables may be correlated with measured community characteristics, leading to bias in the estimated coefficients. The direction of the bias will depend on the correlation between observed and the omitted variables, as well as the true impact of observed variables on contributions.

5. RESULTS

Decision to Give

Table 2A displays the baseline probit regression model using the PSID data set. We first examine only individual and household levels and their effect on private income redistribution. The dependent variable is equal to one if a household contributes money to a charitable organization which provides aid to the needy and 0 otherwise. The estimates in the first column of Table 2A

are marginal probit coefficients; in the second column we report heteroskedasticity corrected standard errors adjusted for intra-county clustering of residuals.¹²

[Insert Table 2a]

From the results, a picture of the household-level determinants of contributions emerges. Higher income households (measured by log permanent income) are more likely to contribute to charitable organizations.

Consistent with other studies on charitable giving, we find that there are significant life-cycle effects in private income redistribution. The incidence of charitable giving to the needy increases with age but eventually declines among older households. Male-headed households are about 13 percentage points less likely to give to the needy compared to female-headed households. Educational attainment, marital status, and household size are positively associated with incidence of private redistribution to the needy. An additional year of education increases the likelihood of private redistribution by about 2 percentage points. Immigrant status has a negative effect on the probability of private redistribution although it is only significant at the 10% level of significance.

Interestingly, being nonwhite measured by a dummy variable that is equal to 1 if household head is nonwhite, has a negative and statistically significant impact on the probability of giving to the needy and the amount contributed. O'Neill and Roberts (2000) find that when controls for income, education, and immigration status are introduced, ethnic and racial differences in charitable giving tend to disappear. However, based on the results, nonwhites are about 6 percentage points less likely to participate in private redistribution even after we have controlled for permanent income, immigrant status, and other demographic variables.

The coefficients on individual and household controls are very stable and robust to different specifications. Therefore, in the interest of space from now on we will not report them, although it should be noted that they are included in all the specifications. We now turn to examine the impact of community characteristics including ethnic heterogeneity on the private income redistribution.

[Insert Table 2b]

In Table 2B, we include county population and median income (both measured in logs) together with the measures of heterogeneity. Consistent with the theoretical predictions, the ethnic heterogeneity index has a negative and statistically significant effect on the probability of

¹² Marginal effects are evaluated at the sample means for continuous variables, and reflect a change from 0 to 1 for discrete variables.

contributing money. We find the results on ethnic heterogeneity to be sizeable, when compared to other significant determinants of contributions. The inclusion of county-level variables does not change signs and significance of individual controls (not shown).

Ethnic heterogeneity index has been criticized in the literature because it has the same value for each individual living in the same community, and therefore may not accurately reflect the effects of interpersonal preferences--preferences that depend on the ethnic characteristics of others residing in a specific community. Interpersonal preferences will depend on the interplay between an individual's own ethnic identity and ethnicity of others. To deal with this concern, we include variable SHARE which is the share of households from a given individual's own ethnic group in total population as an alternate measure of ethnic heterogeneity. This variable is household-specific and will allow us to test whether households are more likely to contribute when the share of their own ethnic group in total population increases.

We find SHARE to have a positive and significant effect on contributions suggesting that interpersonal preferences may constitute an important channel through which ethnic heterogeneity affect private redistribution. We should note that nonwhite dummy variable is no longer significant in this regression when we include the share of one's ethnic community in the county's population. However, the signs and significance of all other individual and household controls remain the same (individual controls not shown in Table 2b). This result suggests that perhaps what is important is not the ethnicity of the individual per se but the relationship between the ethnicity of the individual and ethnic make-up of the community.

One could argue that ethnic heterogeneity reflects other types of heterogeneity such as income inequality within a community. The existing literature suggests that income or wealth inequality can affect incentives to contribute to the community organization (LaFerrara, 2001). To rule out this interpretation of the results, we control for income heterogeneity at the community-level using the Gini coefficient index. The Gini coefficient index was constructed using 2000 Census data at the county level. We find that income inequality has a negative but insignificant association with the probability of giving to the needy. It is important to note that controlling for both income inequality and ethnic heterogeneity measures does not change the results (not shown). SHOULD WE SHOW THESE

Determinants of Donation Amounts

In Table 3A and Table 3B, we present results based on a Tobit model where the dependent variable is the natural logarithm of the household's total monetary transfers to charitable

organizations.¹³ Table 3A regression includes only individual controls and region dummies. Table 3B presents results on heterogeneity.

[Insert Table 3A]

[Insert Table 3B]

The results on household and community variables appear comparable to earlier results for probit. In particular, the ethnic heterogeneity index has a negative and significant impact on the amount of contributions. The share of population from household's own ethnic group (SHARE) has a positive and significant effect on the amount of contributions. We find that income inequality is again negative, but not statistically significant.

Government Transfers

As individuals make their donations they may also consider government transfers to the poor and the needy. There is an extensive literature testing the effects of government transfers to charitable organizations on private donations. Empirical studies generally report small estimates of crowding out (Okten and Weisbrod; 2000; Ribar and Wilhelm; 2001)). In the data, we do not know the specific charitable organizations that contributions to the needy are made and hence lack data on government transfers to specific organizations. However, we do have county specific data on government transfer payments. More specifically, we control of income maintenance benefit payments (IMBP). Income Maintenance Benefits Payments includes food stamps, family assistance, supplemental security income payments (SSI) and other income maintenance. We scale this variable by the number of households living in poverty in each county and also control for share of households living in poverty in the total county population. Table 4 column 1 presents this regression. Marginal probit coefficients are presented.

[Insert Table 4]

We do not find any evidence for crowding out. In fact, the measure of government transfers is positive and significant at the XXX level of significance. The positive coefficient may seem puzzling at first. But we recognize that a higher government transfers may also reflect the severity of needs in a community. If we cannot fully control for the existence of such needs with the share of poor in population variable, then we might observe a positive association with government food stamp expenditure and private giving. Ethnic heterogeneity remains negative and significant while share of poor in population is insignificant.

¹³ The dependent variable here is measured as the natural logarithm of (monetary transfers +1).

Interpersonal Preferences

It is challenging to isolate the exact mechanisms through which ethnic heterogeneity affects household behavior. One mechanism that we will consider in more detail is through interpersonal preferences. Here we will take a similar approach to Luttmer (2001) who examines the effect of interpersonal preferences on support for welfare spending. More specifically, we construct two variables that capture the distribution of poverty by race within a specific community: the share of the poor who are black as a fraction of total population and the share of poor who are non-black population as a share of the total population. We then interact each of these variables with race of the respondent. We define Black=1 for all black respondents. Non-black is constructed in a similar fashion. Therefore, we have four variables where race-specific poverty rates are interacted with the race of the respondent to measure interpersonal effects. Table 5 presents these results.

[Insert Table 5]

The most striking result here is the negative and significant coefficient on share of poor blacks in population with non-black dummy. This implies that an additional poor black person in the community decreases both the probability and the amount of donations by a non-black person.

Discussion: A Distaste for Redistribution

Donating to charitable organizations which help to poor and the needy is essentially a private act of redistribution of income. Studies before us focused on the determinants of public acts of income redistribution. These studies noted that relatively homogeneous areas tend to have more income redistribution and other forms of public spending (Alesina et al., 1999; Easterly and Levine, 1997; Orr, 1976; Poterba, 1997). Luttmer (2001) noted that if individuals prefer to redistribute to their own racial, ethnic or religious group, they prefer less redistribution when members of their own group constitute a smaller share of beneficiaries.

The results suggest that heterogeneity reduces private acts towards redistribution as households are both less likely to give to the needy and reduce their contribution levels to the needy in more ethnically heterogeneous communities.

6. CONCLUSIONS

Charitable organizations play a central role in redistributing income to the needy, giving to may be linked to social capital formation and co-operative behavior (Putnam, 1993; Knack and Keefer, 1997). Using new data on private income redistribution, we find that ethnic heterogeneity has a negative effect on giving to the needy. The main findings are suggestive of mechanisms through which ethnic heterogeneity can influence contributions. Specifically, we

find that altruism towards one's ethnic group may affect giving to needy. We do not find any evidence for crowding out from government transfers.

Although the results on ethnic heterogeneity provide important insights, there is a need for caution in the interpretation of these results. In general, isolating the impact of community-level outcomes on social and economic outcomes can be challenging. Since it is unlikely that individuals randomly chose their county of residence, estimates of the impact of ethnic heterogeneity on individual behavior may be biased. An important concern in the analysis is that the location decision could be shaped by the same unobserved factors that influence the decision to give and volunteer time. To illustrate this point, suppose an individual who is less civic minded is also more likely to reside within an ethnically diverse community. The omission of individual variables (taste for giving, civic attitudes) from the analysis may lead us to find a spurious "ethnic heterogeneity effect". Another concern is that individuals residing within a given geographical area often share a common economic environment, and some of these factors are unobserved in the analysis. For example, there may be higher levels of government spending on public goods. In future work, plan to address some of these issues. For example, we can control for the role of time-invariant unmeasured community characteristics using MSA fixed-effects. We also examine changes in charitable giving over time to reduce concerns about the effect of unobserved heterogeneity at the individual level.

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Table 1: Summary Statistics

	Full Sample	
	N	Mean
Contributed to Charitable Institution that serves the Needy?	5452	0.28 (0.45)
Amount contributed (full sample)	5370	116.50 (3248.82)
Amount contributed (if contribution>0)	1436	435.6657 (1198.99)
<i>Community Characteristics</i>		
Ethnic Diversity Index (2000)	5426	34.463 (19.553)
Gini Coefficient	5426	44.408 (4.017)
<i>Household Characteristics</i>		
Share of Population from own ethnic group	5257	69.132 (26.155)
Intemized for formal charitable giving	5399	0.44 (0.50)
Price of formal giving	5461	0.82 (0.11)
Age	5458	45.84 (16.59)
Male	5461	0.77 (0.42)
Married	5461	0.63 (0.48)
Education	5396	13.05 (2.74)
Nonwhite	5461	0.20 (0.40)
Family size	5461	2.66 (1.44)
Unemployed	5456	0.04 (0.18)
Permanent family income	5461	60330.57 (59267.42)

Standard deviations are shown in parentheses

Table 2a
Decision to give: Individual Determinants

Probit Model

	Marg. Probit coefficient	Std. Error
Non-white	-0.056 **	(0.021)
Immigrant	-0.213 *	(0.21)
Age	0.0122 *	(0.01)
Age Squared (x1000)	-0.016	(0.02)
Male	-0.399 ***	(0.40)
Married	0.3187 ***	(0.32)
Education	0.0632 ***	(0.06)
Familysize	0.0034	(0.00)
Price of Giving	-0.564 ***	(0.56)
Income	0.3328 ***	(0.33)
Unemployed	-0.04	(0.04)
Regions	Yes	Yes
Number of Observations	5248	
Pseudo Rsq	0.11	
Log Likelihood	-2764	
Wald Chi(32)	704.91	

Marginal Probit Coefficients are calculated at the means for continuous variables and from 0 to 1 for discrete variables.

Standard Errors (in parenthesis) are corrected for heteroskedasticity and clustering of households at the fipcode level.

Region dummies are Northeast, Southeast, Northcentral, Southcentral, West and Mountain.

Table 2b
Decision to Give and Heterogeneity
Probit Model

	(1)	(2)	(3)
Ethnic Diversity	-0.0014 ** (0.0006)		
Share (including Hispanic)		0.0011 ** (0.0005)	
Gini			-0.001 (0.002)
Size (log population)	0.023 **: (0.006)	0.019 * (0.006)	0.012 ** (0.005)
Med HH Income (log)	0.058 * (0.032)	0.056 ** (0.032)	0.067 ** (0.033)
Individual Controls	Yes	Yes	Yes
Regions	Yes	Yes	Yes
Number of Observations	5219	5146	5219
Pseudo Rsq	0.12	0.12	0.11
Log Likelihood	-2733	-2695	-2736
Wald Chi(19)	734	705	718

Marginal Probit Coefficients are calculated at the means for continuous variables and from 0 to 1 for discrete variables.

Standard Errors (in parenthesis) are corrected for heteroskedasticity and clustering of households at the fipcode level.

Individual Controls all those listed in Table 2a.

Table 3a
Donation Amounts: Individual Determinants
Tobit Model

	Coefficient	Std. Deviation
Non-white	-1.1636 ***	(0.393)
Immigrant	-1.4397 **	(0.575)
Age	0.0957 **	(0.040)
Age Squared (x1000)	-0.4053	(0.387)
Male	-2.4753 ***	(0.430)
Married	2.0476 ***	(0.424)
Education	0.3638 ***	(0.051)
Familysize	0.0536	(0.102)
Price of Giving	-3.3117 ***	(0.841)
Income	2.0545 ***	(0.219)
Unemployed	-0.0284	(0.716)
Regions	Yes	Yes
Number of Observati	5181	
Pseudo Rsq	0.059	
Log Likelihood	-6089.928	
LR chi2(16)	758.48	

Table 3b
Donation Amounts and Heterogeneity
Tobit Model

	(1)	(2)	(3)
Ethnic Diversity	-0.020 ** (0.009)		
Share (including Hispanic)		0.017 ** (0.008)	
Gini			-0.010 (0.035)
Size (log population)	0.418 *** (0.116)	0.371 *** (0.101)	0.261 *** (0.097)
Med HH Income (log)	1.227 ** (0.568)	1.194 ** (0.570)	1.375 ** (0.586)
Individual Controls	Yes	Yes	Yes
Regions	Yes	Yes	Yes
Number of Observations	5152	5080	5152
Pseudo Rsq	0.061	0.062	0.061
Log Likelihood	-6032.1	-5964.2	-6034.4
LR chi2(19)	783.2	784.66	778.51

Standard Errors are in parenthesis.

Individual Controls all those listed in Table 2a.

Table 4
Government Transfers

	Probit Model	Tobit Model
Ethnic Diversity	-0.001662 ** (0.001)	-0.0253 (0.011)
Share of poor in population	0.1917582 (0.289)	3.4119 (5.593)
Income maint. benefit payments	0.0000163 * (0.000)	0.0002 (0.000)
Size (log population)	0.0213361 (0.007)	0.3969 (0.120)
Med HH Income (log)	0.0949663 (0.066)	1.7546 (1.158)
Individual Controls	Yes	Yes
Regions	Yes	Yes
Number of Observations	4895	4839
Pseudo Rsq	0.1183	0.0617
Log Likelihood	-2567.0593	-5719.7

Standard Errors are in parenthesis.

Individual Controls all those listed in Table 2a.

Table 5
Interpersonal Preferences

	Probit	Tobit
Poor black/population interacted with black	0.17582 (0.483)	4.9252 (8.891)
Poor black/population interacted with non-black	-0.7845 ** (0.355)	-12.447 ** (6.210)
Poor nonblack/population interacted with black	-0.029 (0.269)	5.7058 (8.395)
Poor nonblack/population interacted with non-black	0.20016 (0.427)	-0.1552 (5.219)
Size (log population)	0.01825 *** (0.005)	0.3526 *** (0.104)
Med HH Income (log)	0.03323 (0.061)	0.7923 (1.061)
Individual Controls	Yes	Yes
Regions	Yes	Yes
Number of Observations	5020	4961
Pseudo Rsq	0.1173	0.0611
Log Likelihood	-2633.6	-5858.4
Individual Controls all those listed in Table 2a.		