

Why more Kiwis are not effective altruists

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If you want to achieve the most good from a charitable donation, what type of charity should you support? Influential books by Peter Singer (2015) and Will MacAskill (2015) have argued that people who care most about their donation's effectiveness – known as 'effective altruists' – should donate to charities fighting poverty in developing countries overseas. In contrast, most New Zealanders, like their counterparts in other wealthy countries, prefer to donate to charities that spend the money in their own country. This article analyses two possible reasons for why it might be that New Zealanders favour domestic charities, in spite of more 'bang for your buck' when the money goes to poor people overseas.¹⁴

MORE BANG FOR YOUR BUCK

Because there is so much need in developing countries, it is possible to improve peoples' lives at reasonably low cost. For example, \$1000 spent on distributing anti-malaria bed nets in Africa could generate 10 additional (quality-adjusted) years of life (MacAskill, 2015). Or \$1000 spent on deworming children in developing countries will lead to 139 years of additional schooling, as well as the obvious health benefits. This sort of value for money cannot be achieved when spending the same amount of money in NZ.

WHO NEW ZEALANDERS DONATE TO

Only 9% of donations in NZ go to international development charities such as World Vision and Oxfam. A recent *EcoNZ@Otago* article (Knowles and Sullivan, 2016) explored whether this was because there are fewer international development charities than domestic charities.

In that research, people were invited to take part in an online survey and told that if they completed it \$10 would be given to either World Vision (a charity helping families in need in poor countries overseas) or the Salvation Army (a charity helping families in need in NZ): 72% of people chose the Salvation Army.

The current article discusses a follow-up research project which aims to shed more light on why more New Zealanders prefer charities with a domestic focus, rather than helping people in need overseas.

TWO HYPOTHESES

The research project tested two possible reasons (hypotheses) for why international development charities receive a small share of donations. The first is that many people are not that worried about how effective a donation is; they are more interested in other factors like where the money is spent (preferring it to be spent close to home).

The second hypothesis is that people do care about the effectiveness of donations, but they are not aware, or do not believe, that there is greater bang for their buck when the money is spent on projects in poor countries overseas.

The first hypothesis was tested using a discrete choice experiment (DCE) implemented using 1000minds software (www.1000minds.com). We wanted to find out how much importance (or weight) people attach to: (1) the effectiveness of a donation, (2) the need of the recipients, and (3) where the money is spent. These three characteristics (and levels within each characteristic) are summarised in Table 1.

Table 1: Characteristics included in the DCE

Decision criteria and levels (3 each)
Where the donation will be used: <ul style="list-style-type: none">• In a country far away from New Zealand• In a country close to New Zealand (e.g. in the Pacific region)• In New Zealand
Expected benefit to recipients of NZ\$100 donation: <ul style="list-style-type: none">• Low• Medium• High
Need of the recipients: <ul style="list-style-type: none">• Low• Medium• High

WHAT DO PEOPLE CARE ABOUT MOST?

The DCE took the form of an online survey. Each participant was asked to imagine they were donating to a charity. They were asked to make a series of choices between two hypothetical charities defined in terms of two of the three characteristics at a time and asked which charity they would prefer to donate to. An example of such a choice is shown in Figure 1.

Answering this question involves a trade-off: would you rather give to a charity where the need of recipients is *low* and the expected benefit *high* (the charity shown on the left of Figure 1) or a charity where the need of recipients is *medium* and the expected benefit *medium* (the charity shown on the right of Figure 1)? Each participant had to answer approximately 11 questions like this with different combinations of the three characteristics each time.

Figure 1: Example of a pairwise-ranking question

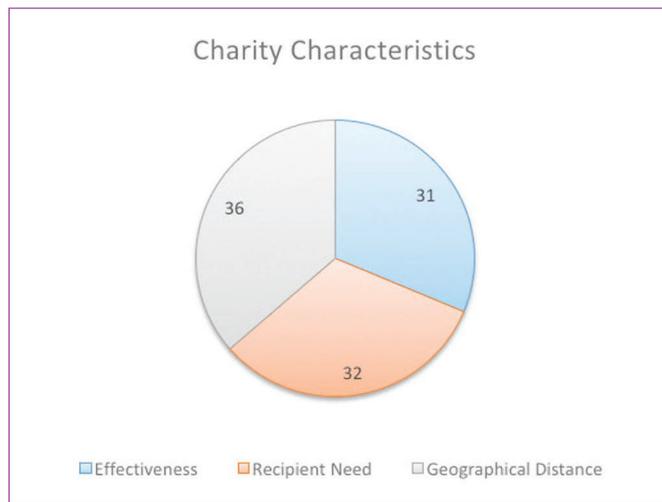
The 1000minds software takes advantage of the transitivity principle to minimise the number of trade-off questions each participant has to answer; i.e. if someone ranks Charity A ahead of Charity B, and Charity B ahead of Charity C, this means Charity A is also preferred to Charity C.

Based on each individual participant's answers, the software calculates what are known as 'part-worth utilities' for each of the characteristics, representing their relative importance (or 'weight') to the participant with respect to choosing charities to donate to. These individual part-worth utilities can be used to calculate the average weights across all individuals.

14 A more detailed version of this research will appear as Genç, Knowles and Sullivan (2019) in the Economics Discussion Paper series at Otago in the next few weeks. If you are interested, keep an eye out for it at www.otago.ac.nz/economics/research/discussion/index.html.

The average relative importance of the characteristics for participants is shown in Figure 2. As can be seen, the average weight for geographical distance (where the money will be spent) is higher than the average weights for the other two characteristics.

Figure 2: Charity Characteristics and their relative importance to study participants on average



Another way of thinking about the results is to ask how many people ranked each of the characteristics as most important. For 51.7% of participants, where the donation will be spent (preferring it be spent closer to home) was the most important characteristic. Only 23.6% rated effectiveness as the most important attribute. This provides support for the first hypothesis: most people don't regard a donation's effectiveness as being the most important characteristic when deciding which charities to support.

WHERE WOULD A DONATION DO THE MOST GOOD?

We also asked participants whether they thought a \$100 donation to charity would do the most good: In NZ or a poor country overseas? A similar percentage answered NZ (44.4%) as answered a poor country overseas (44.0%), with 11.6% saying they were not sure. These results support the second hypothesis: many people are not aware, or do not believe, that a donation is more effective overseas.

HOW MANY EFFECTIVE ALTRUISTS WERE THERE?

At the end of the survey, people were asked to choose which of two charities they would like us to donate \$2,000 to: World Vision (who help families in need in poor countries overseas) or the Salvation Army (who help families in need in NZ)? Most participants (70.9%) voted for the money to go to the Salvation Army, 18.0% for World Vision, with the remaining 11.1% choosing neither charity.

Of the 1232 people who completed the survey, only 168 placed the most weight on 'effectiveness' in the DCE and thought a donation would be the most effective in a poor country overseas. These are the people who we might expect to be effective altruists and vote for the \$2000 donation to go to World Vision. However, only 67 of the 168 chose World Vision. So, of the people whose preferences and beliefs suggested they would be effective altruists, less than half actually behaved as effective altruists when it came to making a charitable donation.

CONCLUSION

Effective altruists believe that donations should go to international development charities instead of domestic charities. However, international development charities receive a small share of total donations in NZ. Our research suggests this may be because people are not aware that a donation can achieve more when directed at poor people overseas, and that many people prefer the money is spent in NZ.

QUESTIONS TO THINK ABOUT

1. Can you think of other reasons why people might prefer to give to the Salvation Army than World Vision, other than those suggested in this article?
2. Which of the three characteristics considered in this research (effectiveness, recipient need and where the donation is spent) are most important to you? Why?

USEFUL WEB SITES

The research discussed in this article was presented as part of Stephen Knowles' Inaugural Professorial Lecture in October 2018, which can be found online at www.youtube.com/watch?v=c6VzpcOGjCM.

For more information on the effective altruism movement, see www.thelifeyoucansave.org and www.effectivealtruism.com.

REFERENCES

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