

CES LECTURE SERIES

Charitable and Fundraising Mechanisms: Theory and Experimental Evidence

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Fundraising mechanisms observed in practice, are rarely the ones suggested by the theoretical and experimental predictions. The main focus of this course is to understand the behavior of rational agents and which mechanisms that foster contribution to charity. In the first lecture, we discuss the theoretical foundations of public goods contribution and therefore of impure altruism and fundraising. In the second lecture, we discuss which mechanisms should be used at raising money for charity when participants are altruistic. Finally, in the third lecture, we discuss prestige motives, instead of altruism, as a main concern to participate at charity activities.

Lecture 1: Public Good, Impure Altruism and Fundraising

Suggested readings:

1. Andreoni, J. (1989). "Giving with Impure Altruism: Applications to Charity and Ricardian Equivalence," *Journal of Political Economy*, 97:1447-1458.
2. Andreoni, J. (1990). "Impure Altruism and Donations to Public Goods: A Theory of Warm-Glow Giving," *Economic Journal*, 100:464-477.
3. Andreoni, J. (1998). "Toward a Theory of Charitable Fund-Raising," *Journal of Political Economy*, 106:1186-1213.
4. Bergstrom, T. C., Blume L. E., and Varian, H.R. (1986). "On the Private Provision of Public Goods," *Journal of Public Economics*, 29:25-49.
5. Morgan, J. (2000). "Financing public goods by means of lotteries," *Review of Economic Studies*, 67:761-784.
6. Morgan, J. and Sefton M. (2000). "Funding public goods with lotteries: experimental evidence," *Review of Economic Studies*, 67:785-810.

Lecture 2: Mechanisms at Raising Money

Suggested readings:

1. Carpenter, J., Holmes J., and Matthews P.H. (2008). "Charity Auctions: A Field Experiment," *Economic Journal* 118, 92-113.

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2. Carpenter, J., Holmes J., and Matthews P.H. (2014). "Bucket auctions for charity," *Games and Economic Behavior* 88, 260-276.
3. Engers, M. and McManus, B. (2007), "Charity auction," *International Economic Review* 48, 953-994.
4. Goeree, J. K., Maasland, E., Onderstal, S. and Turner, J. L. (2005), "How (not) to raise money" *Journal of Political Economy* 113, 897-918.
5. Onderstal, S., Schram, A., and Soetevent, A. (2013). "Bidding to give in the field," *Journal of Public Economics* 105, 72-85.
6. Schram, A., and Onderstal S. (2009). "Bidding to Give: An Experimental Comparison of Auctions for Charity," *International Economic Review* 50, 431-457.

Lecture 3: Prestige, Recognition and Reputation

Suggested readings:

1. Bos, O., Gomez-Martinez, F., Onderstal, S., and Truyts, T. (2017). "Signaling in Auctions: Experimental Evidence," Tinbergen Institute Discussion Papers 17-053/VII, <http://papers.tinbergen.nl/17053.pdf>
2. Bos, O. and Truyts, T. (2017), "Auctions with Signaling Concerns: Second-price or English Auction?" mimeo. <http://bos.u-paris2.fr/asc.pdf>
3. Giovannoni, F. and Makris, M. (2014), "Reputational bidding," *International Economic Review* 55(3), 693-710.
4. Glazer, A. and Konrad, K. (1996), "A signaling explanation for charity," *American Economic Review* 86, 1019-1028.
5. Harbaugh, W. T. (1998a), "The prestige motive for making charitable transfers," *American Economic Review* 88, 277-282.
6. Harbaugh, W. T. (1998b), "What do donations buy? a model of philanthropy based on prestige and warm glow," *Journal of Public Economics* 67, 260-284.
7. Kumru, C. and Vesterlund, L. (2010), "The effect of status on charitable giving," *Journal of Public Economic Theory* 12(4), 709-735.