In Search of Effective Altruists

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Abstract: The effective altruism movement argues that people wanting to do the most good they can should donate to charities fighting poverty in poor countries overseas, rather than to charities helping people in need in wealthy countries. This is because there is greater need in the developing world meaning it is possible to save lives or improve living conditions at reasonably low cost. However, most people living in developed countries prefer to donate to charities helping people in need in their own country, rather than charities helping people in need in the developing world. This paper analyses why this might be. We conduct a discrete choice experiment to determine the relative importance people place on the effectiveness of a donation, the need of recipients, and whether the donation will be spent at home or overseas. We find that many people place more weight on where the donation will be spent than on how effective it will be. We also find that a significant number of people are not aware, or do not believe, a donation will be more effective in the developing world.

Keywords: effective altruism; charitable donations; discrete choice experiment

JEL Codes: O1, C93, D64

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1.   Introduction

A point emphasised by the effective altruism movement (e.g. Singer, 2015; MacAskill, 2015) is that people wanting to do the most good they can should donate to charities fighting poverty in poor countries overseas, rather than to charities helping people in need in wealthy countries. This is because there is greater need in the developing world meaning it is possible to save lives or improve living conditions at reasonably low cost. Put simply, much more can be achieved by a given sum of money in a poor country than a wealthy country. However, as detailed below, most people living in developed countries prefer to donate to charities helping people in need in their own country, rather than charities helping people in need in the developing world. In this paper we analyse why it is that most people behave this way.

In the US donations to international development make up only 4% of private charitable donations (Giving USA Foundation, 2009). In New Zealand 8.7% of personal donations go to international development (Cox et al., 2015). The share of donations going to international development are higher in the UK, fluctuating between 20% and 40% from 1978 to 2004 (Atkinson et al., 2012). Giving to international development could be low due to there being fewer international development charities than charities with a domestic focus. In a field experiment controlling for this number of charities effect in New Zealand, Knowles and Sullivan (2017) give participants the choice of donating to an international development charity (INGO) or a charity helping people in New Zealand and find 28% of participants choose the INGO. Therefore, even when the number of charities effect is controlled for, a significant majority still choose the charity with a domestic focus.

We hypothesise that there are two possible explanations, which are not mutually exclusive, as to why people living in developed countries prefer to donate to charities helping those in need in their own country, rather than to INGOs. The first is that people *are* concerned with maximising the benefit of a donation, but *are not* aware (or do not believe) that donations will achieve more per dollar in developing countries. The second possibility is that there is a declining radius of altruism with many people preferring to help people closer to home. We test these hypotheses by way of an online survey, incorporating a discrete choice experiment (DCE) for a random sample of the New Zealand population. New Zealand consistently ranks as one of the most generous countries in the world according to the World Giving Index (Charities Aid Foundation, 2017) but, as noted above, a low share of donations go to

international development. This makes New Zealand an interesting country in which to test our hypotheses.

Testing our first hypothesis is straightforward. We ask participants in our online survey whether they think a $100 donation to charity is likely to improve people's health by more in New Zealand or in a poor country overseas, and invite participants to give a reason for their answer. In order to test our second hypothesis we conduct a DCE to determine how much weight participants place on the following three attributes when making donations to a hypothetical charity: (1) the severity of need of the recipient, (2) how much good a donation will achieve (i.e. effectiveness) and (3) the geographic distance between the donor and the recipient (will the money be spent in New Zealand, a poor county overseas but near New Zealand, or a poor country overseas far from New Zealand). An effective altruist would place most weight on the effectiveness attribute and correctly identify that a donation would achieve more per dollar in a poor country overseas than in New Zealand.

We find that, on average, people place more weight on geographic distance (preferring to support a charity helping someone in their own country) than they do on the need of the recipient or the expected effectiveness of the donation, with only 21.8% of participants rating effectiveness as the most important attribute. Also, about half of our sample believe a donation will be more effective in New Zealand than in a poor country overseas. Therefore, there is support for both our hypotheses. First, many people don't believe that donations are more effective when directed to those in need in developing countries. Second, many people place more weight on where the donation is spent, than they do on the effectiveness of the donation.

Section 2 reviews the existing literature on the extent to which effectiveness, recipient need and geographic distance are related to charitable behaviour. Section 3 discusses the research design and implementation, with Section 4 presenting the results. Section 5 concludes.

2. Literature Review

In our DCE we are interested in how much weight is placed on effectiveness, the need of the recipient and where the donation will be spent. There is some evidence of a declining radius of altruism and/or empathy in other contexts. Etang et al. (2011) find that villagers in Cameroon are more likely to act altruistically towards those from their own village than towards those from a neighbouring village. Adams (1986) analyses TV coverage in the US of disasters overseas and finds that the death of one Western European generates the same coverage as the deaths of three Eastern Europeans, nine Latin Americans, 11 Middle Easterners or 12 Asians. By contrast, Hansen et al. (2014) find no evidence of people preferring to donate to countries closer to New Zealand than further away, but this research does not include giving to fellow New Zealanders as a control group. This literature suggests there may be a declining radius of altruism in other contexts, but the question remains open as to whether this explains the observed preference for donating to charities with a local focus.

We now turn our attention to how much weight people attach to the effectiveness of a donation and recipient need. Our discussion of these two points overlaps, as some existing studies have implications for both. Small et al. (2007) find that people are more likely to donate when provided with information on an identifiable victim (participants were shown a photo of an African girl and told a donation would change her life for the better) than when given statistical information about the severity of poverty in Africa. As donating to an identifiable victim will not always be the most effective use of funds, this might suggest people are not that concerned with effectiveness. Another implication of Small et al.'s findings is that providing information on the severity of poverty in Africa (i.e. emphasising need) does not increase donations; in fact providing this information in addition to that on the identifiable victim reduces donations.

Clark et al. (2017), in a laboratory experiment, find that when participants are invited to make a donation to a poor country in Africa, emphasising either the potential gains from a donation (i.e. effectiveness) or how needy the recipients are (but without mentioning an identifiable victim) has no significant effect on donations. Karlan and Wood (2017) conduct a field experiment where solicitation letters are sent out on behalf of an INGO. The control group receive a letter containing only an emotional appeal focused on an identifiable victim. The

treatment group are, in addition, presented with scientific information on the effectiveness of the charity's work. For the full sample, there is no significant difference in donations across treatments, but for large donors (people who had made large donations to the charity previously) the *effectiveness* treatment increases donations, but this treatment reduces donations for small donors. By contrast Brañas-Garza (2006) finds in a laboratory experiment that people donate substantially more when told the recipients are poor people living in developing countries, and that "this amount of money can be very useful in these countries", compared to a control group where no information was presented about the recipients. This increase in donations could be due to providing information on recipient need or effectiveness, or possibly due to providing any information on the recipient.

Metzger and Günther (2018) conduct a laboratory experiment where subjects are invited to donate to an unnamed INGO, with whom they have been randomly matched. For a small fee subjects can purchase information on the expected impact of the donation (high or low), the administrative costs for the INGO (10% or 40%) or the recipient type (children or young adults). Each subject is given the option of purchasing one of these information types only. Although 57% of subjects make a donation, only about half the donors choose to purchase information, with demand for information on aid impact being the lowest at 22%. Of those choosing to purchase information on aid impact, the information has a significant effect on donations (in that more money is donated to the high-impact INGO). For subjects who are given the information free of charge, the information has no effect on their donation decisions compared to a control group. These results suggest that most people are not interested in information on aid impact or effectiveness: they do not want to incur a cost to gather such information and ignore it when it is available at no cost. However, there are a minority who will not only incur a cost to get information on aid effectiveness, but this information also influences their donating behaviour.

Cunningham et al. (2017) and Feeny et al. (2019) conduct DCEs to determine how people think New Zealand's (Cunningham et al.) and the UK's (Feeny et al.) foreign aid should be allocated. Both DCEs include as attributes aid effectiveness, recipient-country need and ties between the donor and recipient country. In Feeny et al. the highest weight (46%) is on aid effectiveness, followed by poverty in the recipient country (27%) and political, strategic and commercial ties with the UK (27%). Cunningham et al. include two measures of recipient-country need: hunger and malnutrition (28%) and income per person (18%) and two

measures of ties between New Zealand and the recipient country: level of trade (14%) and geographic proximity (12%). The probability of aid being effective has a weight of 27%. The attributes included in the DCEs in both these studies are similar to those included in our DCE, but focus exclusively on foreign aid and do not compare overseas giving with giving at home, which is the key focus of our paper.

Berman et al. (2018) focus on the question of why more people are not effective altruists. They conduct a number of studies to analyse the extent to which people, when choosing charities to donate to, think it important to consider the effectiveness of a donation compared to whether they have an emotional attachment to that charitable cause. Their findings suggest that emotional attachments are more important. For example, when asked how important it is to rely on objective metrics, rather than subjective preferences, for a number of different spending decisions, donating to charity emerges as a subjective decision (as does choosing a restaurant to dine at or artwork to buy). By contrast, when choosing a cell phone to purchase, medical treatment or financial investments, objective criteria are deemed more important. In another study reported in the same paper, participants are presented with information about a hypothetical woman (Mary) considering donating either to an INGO or a charity helping people locally. A $100 donation to the INGO would feed 5 children for a month. A $100 donation to the local charity would provide two hours of training to a homeless person. In the *local-cause* treatment, participants are told Mary felt an emotional connection to helping people locally; in the *distant-causes* treatment participants are told that Mary felt an emotional connection to helping people in third-world countries. In each treatment, participants are asked two questions: who should Mary donate to and which charity is most effective? Not only do most participants think Mary should donate to the charity she has the emotional connection to, they are less likely to consider the INGO to be more effective when told Mary has an emotional connection to local causes (although, in both treatments the INGO is considered more effective than the local charity). In other words, people's views on the effectiveness of a particular cause are not independent of the extent of emotional connection to that charity.

The studies summarised above suggest that, for some people at least, there is a declining radius of altruism. There is also some evidence that providing information on the effectiveness of a donation and/or on recipient need does not increase donations. Importantly, our research method, discussed more fully in the next section, does not just ask whether these

attributes are important in determining the level of charitable donations, but by forcing participants to make trade-offs between these attributes attaches relative weights to each attribute.

3.   Research Design and Implementation

The DCE was implemented using 1000minds software, which applies the PAPRIKA method (Hansen and Ombler, 2008). The PAPRIKA method (a partial acronym for 'Potentially All Pairwise RanKings of all possible Alternatives') is based on pairwise ranking of two attributes at a time which is similar to the natural type of decision activity that everyone has experience of in their daily lives. An advantage is that PAPRIKA yields a set of weights (part-worth utilities) for every participant, thereby permitting comparisons of results across participant sub-groups (e.g. male versus female; young versus old, etc.).
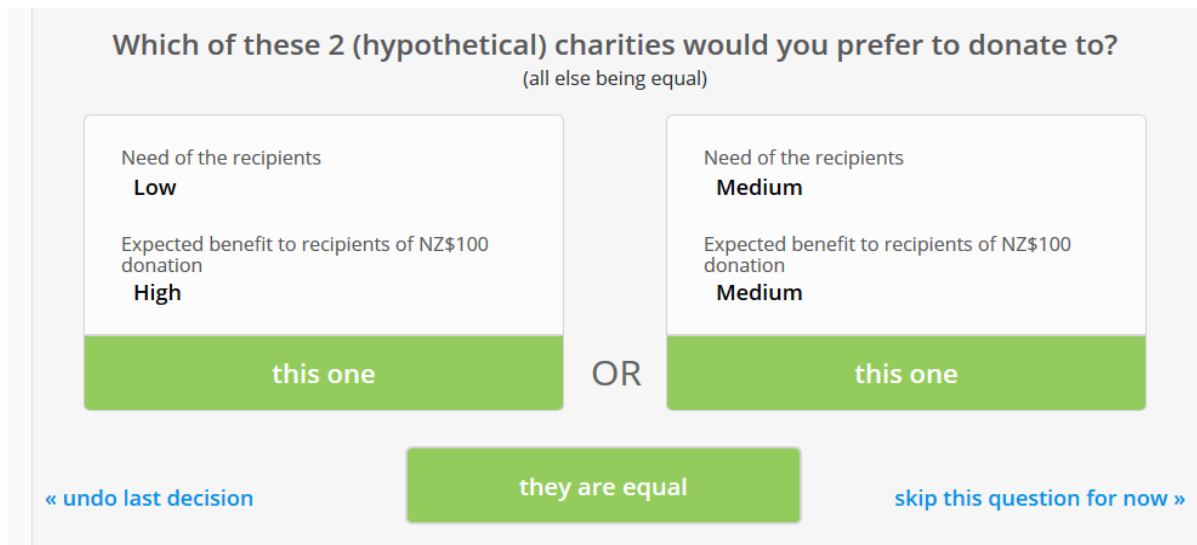
PAPRIKA begins by identifying all pairs of, in the present context, hypothetical charities defined on two attributes at-a-time which involve a trade-off. Each participant is repeatedly presented with pairs of hypothetical charities in random order and asked to choose which charity they would rather support. An example of a pairwise-ranking question appears in Figure 1. Each time the participant ranks a pair of hypothetical charities, all other hypothetical charities that can be pairwise ranked via transitivity are identified and eliminated. For example, if someone prefers charity A over charity B and then prefers B over C, then – by transitivity – A is also prioritised over C (and so the method would not ask a question relating to this third pair of charities).[1] The software also repeats two trade-off questions at random to check that participants are answering the questions consistently.

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[1] For more detail on the method we refer the interested reader to Hansen and Ombler (2008).

Figure 1: Example of a pairwise ranking question

The elimination procedure explained above ensures that the number of questions participants are asked is minimised and yet each participant ends up having pairwise ranked all hypothetical charities differentiated on two attributes at-a-time, either explicitly or implicitly (by transitivity) [2]. From the participants' explicit pairwise rankings, the software uses mathematical methods based on linear programming to derive weights ('part-worth utilities') representing the relative importance of the characteristics to each individual participant, and also on average for the group as a whole.

The three attributes, and the three levels for each attribute used in the survey, are reported below. We took particular care to use wording that would be familiar to non-specialists, avoiding terms like "efficient", which have a particular meaning in economics.

1. Expected benefit to recipients of NZ$100 donation
    - High
    - Medium
    - Low

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[2] On average, participants answered 11 trade-off questions in our DCE.

2. Need of the recipients
   - High
   - Medium
   - Low

3. Where the donation will be used
   - In New Zealand
   - In a country close to New Zealand (e.g. in the Pacific region)
   - In a country far away from New Zealand

Before completing the DCE, participants were first asked three screening questions, which are listed below. The reason for the screening questions is that for the DCE algorithm to work, the levels for each attribute need to be in the same order for every person. This means, for the purposes of this survey, all else being equal, people prefer a donation that helps someone living close to home rather than further away, that it helps people with the greatest need and that it is most effective.

Screening Questions:
"Imagine two homeless people who are equal in terms of need and in terms of how much better their lives would be if NZ$100 was used to assist them. **Person A lives in New Zealand and Person B lives in a country overseas**. Which of them would you prefer to help?"

"Imagine two homeless people who both live in the same country and who would benefit equally from a donation of NZ$100. **Person C is poorer than Person D**. Which one of them would you prefer to help?"

"Imagine two homeless people who both live in the same country and who are equally poor. **Person E would benefit more than Person F** from a donation of NZ$100. Which one of them would you prefer to help?"

Participants answering A, C and E were presented with the DCE survey, before being asked some additional questions relating to charitable giving and some demographic questions. Participants choosing any of B, D or F skipped the DCE and went straight to the additional questions. As noted above, the DCE method we used needs to assume that the levels for each attribute are in the same order for each participant (e.g. everyone will prefer to make a donation closer to home than further away). For the first question, although we would expect most people to prefer, all else equal, to assist someone living in their own country, someone could rationally prefer to help someone living overseas (perhaps they have a close association with an overseas country). Although we attempted to minimise this possibility by requiring that people had lived in New Zealand for five years to be eligible to do the survey, there could still be people who rationally exhibit such a preference. Although these participants did not take part in the DCE, we are interested in their responses to the other survey questions. For the third question, a participant choosing F (they would prefer to help the person who would benefit the least, all else equal) would seem somewhat irrational, as would choosing D in the second question (to help the person in least need). We suspect people choosing D or F were not taking the survey seriously and their responses were excluded from the analysis.

The first of the additional questions after the DCE, asked "[i]n which country do you think a donation of NZ$100 to spend on the health of the poor, would lead to the biggest improvement in people's health?" The options were New Zealand, a poor country overseas and a "not sure" option. The next set of questions asked about age, gender, ethnicity, whether people had travelled or lived overseas and other demographic questions (see Table 1). Participants were then asked some questions about past charitable giving behaviour. Finally, participants were informed that we were going to donate $2,000 to charity, with the money split proportionately between World Vision New Zealand and the Salvation Army, based on the number of votes each charity received. Participants were then asked to choose which charity they wanted the money to go to. It was stated that World Vision would spend the money assisting children and families in need in poor countries overseas, whereas the Salvation Army would spend the money assisting children and families in need in New Zealand. Both charities are well known in New Zealand, and are similar in most respects. The key difference is the Salvation Army assists people in New Zealand, with World Vision assisting people in need in poor countries overseas.

Asking which charity participants would like us to donate to was an important part of our research design. If a participant attached a high weight to the effectiveness attribute, and if they also believed that a donation would be more effective in a poor country than in New Zealand, then we would expect them to choose World Vision. However, there could be other reasons they might have for choosing the Salvation Army (e.g. they may have been personally helped by the Salvation Army in the past, or know someone who has been). To check for such possibilities, we gave participants the option of stating why they chose the charity they did.

We engaged the services of an international online market research company to recruit participants from their database. Participants received an email from the survey company inviting them to take part in June 2018. The number of participants who took part in the survey was 2,909. Of these, 753 were excluded from the DCE because they chose any of options B, D or F for the screening questions. We also excluded 79 people who always chose the "they are equal" option and 16 people because they always chose the left-hand or right-hand option. In these cases (equal or one side only) it is very likely the participants were not taking the survey seriously. Also excluded were 205 people whose mean and median time for answering each trade-off question was less than five seconds (i.e. these people completed the full DCE in less than 99 seconds). Finally, we excluded 624 people who got one or both of the consistency check questions wrong. This gives a final sample of 1,232 responses.

4.   Results and Discussion

4.1   Characteristics of the sample

Table 1 provides a summary of the socio-demographic characteristics of our sample, and provides a comparison with the New Zealand population (where such data are available). Compared to the general New Zealand population, our sample is reasonably similar with respect to age and household income. However, our sample contains slightly more females. In addition, our sample is more educated than the general population and, with respect to ethnicity, New Zealand Europeans are over-represented.

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Table 1: Socio-demographic characteristics of the sample (n=1,232), and for the NZ population

Characteristic	N	%	NZ population (%)[+]
Age (years)			
18-30	246	20.0	20.9
31-40	216	17.5	16.4
41-50	227	18.4	19.0
51-65	313	25.4	24.8
66 or over	230	18.7	19.0
Gender			
Male	534	43.3	47.9
Female	697	56.6	52.1
Gender Diverse	1	0.1	(unrecorded)
Ethnicity*			
New Zealand European	1007	81.7	64.3
Māori	111	9.0	14.1
Pacific	24	1.9	6.9
Asian	64	5.2	11.1
Other	121	9.8	13.6
Education		18+	15+ years
No qualifications/Secondary school	459	37.3	54.2
University degree or equivalent	492	39.9	20.1
Other post-secondary school qualification	281	22.8	25.7
Household Income			
$20,000 or less	119	9.7	11.1
$20,001 to $30,000	137	11.1	11.0
$30,001 to $50,000	239	19.4	17.7
$50,001 to $70,000	204	16.6	14.6
$70,001 to $100,000	246	20.0	18.0
$100,001 or more	287	23.3	27.6
Economic Activity			
Full time work for pay (30 hours or more per week)	476	38.6[#]	

Part time work for pay (less than 30 hours per week)	199	16.2
Not in paid work	96	7.8
Student / Homemaker	181	14.7
Retired	235	19.1
Other	45	3.6
Taking part in organised religious activities		
Never	705	57.2
Infrequently	325	26.4
Between once a week and once a month	104	8.4
More than once a week	98	8.0
Donations in the last year*		
None	303	24.6
Church or religious group	206	16.7
Charities helping people in need in New Zealand	592	48.1
Charities helping people in need in overseas countries	230	18.7
Charities relating to health need	549	44.6
Emergency relief appeals in New Zealand	125	10.1
Emergency relief appeals overseas	59	4.8
Environmental or animal organisations	336	27.3
Other	82	6.7
Preferred charity		
Salvation Army (NZ-based charity)	873	70.9
World Vision (Overseas-based charity)	222	18.0
Neither	137	11.1

Notes: * Adds to >100% as people identify with more than one category; [+] Statistics from the NZ 2013 Census; # 2018 June quarter employment and unemployment rates were 67.7% and 4.5%.

4.2   The DCE

We now turn to the results from the DCE. The utility values assigned to each attribute's highest levels sum across the attributes to one; thus each of these values (shown in bold in Table 2 below) is easily interpretable as the attribute's overall weight (out of 100). The utility values assigned to the middle level of an attribute represent the combined effect of the level's relative position (middle) on the particular attribute as well as the attribute's overall weight. The lowest level of each attribute is assigned a utility value of zero.

As well as estimating part-worth utilities for each participant, these individual results can be aggregated across all participants by simply calculating the means for each attribute across the group, representing each attribute's relative importance. Table 2 reports the mean weights across all 1,232 participants who passed the inclusion criteria and completed the DCE.

The attribute with the highest weight, across all participants on average, is where the donation will be used, with a weight of 36.4. Expected benefit and need of the recipient have similar weights (31.3 and 32.3 respectively). Also of interest is the number of people for whom each attribute is the most important. Where the donation is spent is the most important attribute for 47.9% of participants, recipient need is most important for 22.9% of participants and effectiveness is the most important attribute for only 21.8% of participants.[3] An effective altruist would put much more weight on effectiveness than either of the other two attributes[4]; however, we find that over 75% of participants do not even rate effectiveness as the most important attribute, let alone place much more weight on it.

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[3] These percentages do not add to 100% as, for some participants, two attributes were first equal, meaning no one attribute was the most important for those participants.

[4] We acknowledge that placing a lot of weight on recipient need would also lead to wanting to donate to recipients in developing countries. However, this would not make this participant an effective altruist. To be an effective altruist the motivation needs to be to maximise effectiveness.

Table 2: DCE attributes and mean estimated part-worth utilities (n=1,232)

Decision Criteria	Mean Preference Weights
Where the donation will be used:	
In a country far away from New Zealand	0.0
In a country close to New Zealand (e.g. in the Pacific region)	17.6
In New Zealand	**36.4**
Expected benefit to recipients of NZ$100 donation:	
Low	0.0
Medium	18.9
High	**31.3**
Need of the recipients:	
Low	0.0
Medium	18.2
High	**32.3**

Note: The bolded values represent the relative weights of the attributes overall (i.e. these bolded values sum to one).

4.3   Where a donation will be most effective

As noted earlier, upon completing the DCE, participants were asked whether they thought a NZ$100 donation to spend on the health of the poor would lead to the biggest improvement in people's health in New Zealand or in a poor country overseas. A similar percentage answered New Zealand (44.4%) as answered a poor country overseas (44.0%), with 11.6% saying they were not sure. Participants were invited to give a reason for their answer, and 755 participants chose to provide a reason. Of these 755 people, 359 (47.5%) thought a donation would be more effective in New Zealand, 327 (43.3%) more effective in a poor country overseas and 69 (9.1%) were unsure in which country a donation would be the most effective.

The comments on the question relating to where a donation would be the most effective were analysed to identify the reasons why people thought a donation would be more effective in New Zealand or a poor country overseas. Following the guidelines recommended by Caelli et al. (2003), two of the authors individually read through the respondents' comments and

identified general categories. After comparing notes we found that we had identified the same categories. We then individually sorted the participants' comments into these broad categories. Finally, we compared the categorisations to make sure we agreed on which participants' comments belonged in which broad category. Note that where a participant gave an answer that fitted multiple categories, we included it in each category for which it was relevant.

We identified two broad categories of answer for why a donation would be most effective in a poor country overseas. The first is *money goes further overseas* and the second that there is *greater need overseas*. Answers not fitting into either of these categories were coded as *other*. We identified four broad categories of answer for why a donation would be most effective in New Zealand. The first is *charity begins at home* and the second that there is *significant need in New Zealand*. Note that neither of these categories provide an obviously direct answer to the question of why a donation would be more effective in New Zealand, a point to which we return below. The third category is *effectiveness arguments* where answers give a reason as to why a donation may be more effective in New Zealand; e.g. $100 is too little to make a difference in a poor country overseas or that there are increasing returns to investment in New Zealand. The fourth category, *corruption overseas* comprise answers expressing concerns about corruption in developing countries, or whether the donation would reach those in need. Answers not fitting these four categories were coded as *other*.

The results from this analysis are reported in Table 3. Perhaps the most interesting result is that of the people who believe a NZ$100 donation will be more effective in New Zealand, 51.5% state they believe this to be true because charity begins at home and 29.8% focus on the need of New Zealanders. Neither of these response types relates to effectiveness, which perhaps suggests people want to believe donations will be more effective in New Zealand or because they have other reasons for wanting the money to be spent there. Only those expressing concerns about corruption in poor countries overseas (15.0%) and those giving reasons related to donations being more effective in New Zealand, e.g. because New Zealand has well developed infrastructure (7.2%), provide an answer that directly relates to the question being asked. This is a surprising finding, but is consistent with the findings of Berman et al. (2018) discussed in the literature review. Berman et al. find that people's views on the effectiveness of a donation depend on the level of emotional attachment to the cause the money will go to. We find something similar.

Table 3: Responses regarding in which country a donation will be most effective

Reason	Number	Percentage
Donation More Effective in Poor Country:		
Money goes further	190	58.1%
Greater Need	141	43.1%
Other	12	3.7%
Donation More Effective in NZ:		
Charity begins at home	185	51.5%
Significant need in NZ	107	29.8%
Effectiveness arguments	26	7.2%
Corruption overseas	54	15.0%
Other	16	4.5%

Notes. The reported percentages are percentages as a proportion of the total number of people who gave a reason for thinking a donation would be most effective in that country (NZ or a poor country overseas). These percentages sum to more than 100 as some people gave more than one reason.

Turning to the reasons given for thinking a donation will be more effective overseas, 58.1% give a reason along the lines that the money will achieve more, or go further, overseas. This is an answer consistent with effective altruism. In addition 43.1% thought a donation would be more effective in a poor country overseas because there is greater need there. Given that there is more low-hanging fruit in developing countries because there is greater need, this answer could also be considered close to what an effective altruist would believe.

As noted earlier, we excluded from the DCE any participants who in the screening questions showed a preference for, all else equal, supporting a charity who helped people who lived overseas rather than in New Zealand (Option B in the screening questions), and/or a charity where the beneficiaries are richer (Option D) and/or where the expected benefit is lower (Option F). Those choosing D and/or F were excluded from the DCE for giving irrational responses (likely, they were answering the screening questions at random). However, those choosing Option B were excluded not for being irrational, but because the software used for the DCE needs to assume that the ordering of attribute levels needs to be the same for all individuals (in this case, that everyone would prefer to help someone closer to home).

Although participants answering B, C and E were excluded from the DCE (because they chose B rather than A), we are still interested in their answer to the question about in which country a NZ$100 donation would be most effective. Interestingly, of the 252 people who chose B, C and E, 220 (87.3%) thought a donation would be most effective overseas, with 11 (4.4%) thinking it would be most effective in New Zealand and 21 (8.3%) being unsure. These are very different results than for those who completed the DCE (i.e. answered A, C and E). The 220 people who thought a donation would be more effective in a poor country overseas have stated preferences that suggest they will be effective altruists.

4.4 Charity choice

At the end of the survey participants were told that we planned to donate $2,000 to charity, dividing the money between World Vision and the Salvation Army and that the proportion going to each charity would be equal to the proportion of votes cast by participants. Participants were also given the option of choosing neither charity to receive money. Of the 1,232 responses, 70.9% of participants chose the Salvation Army, 18.0% chose World Vision, and the remaining 11.1% chose neither charity. We also invited participants to give a reason for the choice they made. Of the 672 participants who gave a reason, 509 (75.7%) chose the Salvation Army, 96 (14.3%) chose World Vision and 67 (10.0%) chose neither.

We identified six broad categories of answer for why World Vision had been chosen to receive the donation. The first is that *money goes further* in a poor country overseas and the second is that there is *greater need* overseas. These first two categories are similar to the reasons people gave for believing that a donation will be more effective in a poor country overseas (see Table 3). The third broad category we term *World Vision recognition* and includes responses where people have donated to World Vision before or comments along the lines that they know World Vision do good work. The fourth broad category includes statements that the *Salvation Army is too religious* and the fifth category includes responses stating they either *don't like or trust the Salvation Army*. The sixth category is *other*.

We identified five broad categories of reasons for why the Salvation Army was chosen to receive the donation. The first is that *charity begins at home* and the second that there is *significant need in New Zealand*. These are similar categories, and it was sometimes difficult to determine which was the most appropriate for a particular answer. These two categories

are similar to the reasons given for believing a donation would be more effective in New Zealand than in a poor country overseas. The third category we term *Salvation Army recognition* and includes responses saying they have donated to the Salvation Army before, have been personally helped by the Salvation Army, or know others who have been helped by the Salvation Army. The fourth category, *high overheads,* includes responses that money given to World Vision would not get to the intended recipients, possibly due to high administrative overheads. The fifth category is *other*.

The results of this analysis are reported in Table 4. The most common reason given for choosing World Vision is greater need (40.6%), with the next most common reason that the money goes further in a poor country overseas (21.9%). Also of interest is the number of people thinking the Salvation Army is too religious (11.5%) or having other reasons for not trusting or not liking the Salvation Army (8.3%). The most common reason given for choosing the Salvation Army is that charity begins at home (34.7%), followed by Salvation Army recognition (19.5%) and that there is significant need in New Zealand (18.9%) and concerns about high overheads at World Vision (9.7%).

We now turn our attention to the 252 people who did not do the DCE, but who stated a preference for helping someone overseas rather than in New Zealand, all else equal. Of these 252 people, 146 (57.9%) chose World Vision, 74 (29.3%) chose the Salvation Army and 32 (12.7%) chose neither charity. This group was much more likely to choose World Vision, than were those who took part in the DCE.

Table 4: Responses regarding which charity participants chose to receive a donation

Reason	Number	Percentage
World Vision		
Money goes further	21	21.9
Greater need	39	40.6
World Vision recognition	11	11.5
Salvation Army too religious	11	11.5
Don't like or trust Salvation Army	8	8.3
Other	11	11.5
Salvation Army:		
Charity begins at home	233	34.7
Significant need in NZ	127	18.9
Salvation Army recognition	131	19.5
High overheads at World Vision	65	9.7
Other	24	3.6

Notes. The reported percentages are percentages as a proportion of the total number of people who gave a reason for thinking a donation would be most effective in that country (NZ or poor country overseas). These percentages sum to more than 100 as some people gave more than one reason.

4.5   *Stated preferences versus charity choice*

Of the 1,232 people who completed the DCE only 168 placed most weight on effectiveness and also thought a donation would achieve the most good in a poor country overseas. Although a small number, these people have stated preferences that imply they are effective altruists. Such people would be expected to choose World Vision for the donation, rather than the Salvation Army, but did they? Interestingly, only 67 of the 168 chose World Vision. So of the people whose preferences and beliefs suggest they would be effective altruists, less than half actually behaved as effective altruists when it came to making a charitable donation.

Turning to the participants who did not take part in the DCE because they would prefer a donation go overseas all else equal, of the 220 who thought a donation would do most good

overseas, 132 (60%) chose for the donation to go to World Vision with 62 (28.2%) choosing the Salvation Army and 26 (11.8%) choosing neither.

It would seem that many people whose stated preferences suggest they will be effective altruists, do not actually behave like effective altruists in practice. This could be because there are factors other than effectiveness, recipient need and geographic distance that would affect people's behaviour (e.g. maybe they know someone who has been helped by the Salvation Army). If this is the case we would expect this to be reflected in the comments participants made for choosing the particular charity. However, there were very few comments along these lines. More common were comments along the lines that charity begins at home. Perhaps people truly believe that money spent overseas will be more effective, and they place a high weight on effectiveness (i.e. we would expect them to be effective altruists), but when it comes to actually making a donation, their revealed preference differs from their stated preference.

4.6   Probit regressions

Of interest is whether the socio-demographic characteristics of participants are correlated with the attribute they consider the most important, whether they thought a donation would do more good in a poor country overseas and the intersection of the two (that is, someone who considers effectiveness the most important attribute *and* that a donation would do the most good in a poor country overseas). The marginal effects from probit regressions analysing this are reported in Table 5. The first dependent variable is whether participants thought effectiveness was the most important attribute, the second dependent variable whether they thought a donation would do most good in a poor country overseas, and the third dependent variable whether they thought effectiveness was the most important attribute *and* that a donation would do most good in a poor country overseas (i.e. these are the people we would expect to be effective altruists). We ran probit regressions for each dependent variable and estimated the average marginal effects of all the explanatory variables on the probability of the dependent variable being equal to one. In addition to the explanatory variables reported in the table we also controlled for income level, the level of education and how regularly people attended religious services. The marginal effects of these three variables were all statistically insignificant so we omit them from the table to conserve space.

Table 5: Average marginal effects from probit regressions

	(1)	(2)	(3)
Age 31-40	-0.101*	-0.0484	-0.0528
	(0.0410)	(0.0470)	(0.0348)
Age 41-50	-0.0950*	-0.0508	-0.0526
	(0.0403)	(0.0456)	(0.0337)
Age 51-65	-0.0989**	-0.130**	-0.0674*
	(0.0379)	(0.0424)	(0.0316)
Age 66 or over	-0.166***	-0.158**	-0.0949**
	(0.0405)	(0.0482)	(0.0343)
Male	-0.0102	0.0610*	-0.000907
	(0.0246)	(0.0294)	(0.0208)
Travelled overseas	0.0883*	0.189***	0.0888***
	(0.0369)	(0.0473)	(0.0255)
Observations	1231	1231	1231

Column (1) reports the average marginal effect on the probability that the participant places the most weight on the effectiveness attribute in the DCE. The marginal effects in column (2) are on the probability of the participant thinking a donation would be more effective in a poor country overseas than in New Zealand. The dependent variable on which the marginal effects are calculated in column (3) equals one when the dependent variable =1 in *both* columns (1) and (2). Standard errors are in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

The results in Table 5 show that people in the youngest age bracket (18-30 years), the base category in the regressions, are more likely than older participants to rate effectiveness as the most important attribute in the DCE (column 1), more likely than those in the oldest two age categories (51-65 years and 66 years and over) to think that a donation will be most effective in a poor country overseas (column 2), and to correspondingly have stated preferences that suggest they will be effective altruists (column 3). Males are more likely than females to think that a donation will do more good in a poor country overseas (column 2). People who have travelled overseas are more likely than those who have not, to rate effectiveness as the most important attribute (column 1), think a donation will do more good in a poor country overseas (column 2) and to state preferences that suggest they will be effective altruists (column 3).

5.   Conclusion

According to the effective altruism movement, people wanting to achieve the most good they can should direct their charitable donations to projects in developing countries, where there is much low-hanging fruit to be picked. However, international development charities receive a low share of donations in most developed countries. This paper has tested two different hypotheses as to why this might be. The first hypothesis is that many people are unaware that a donation will achieve more in a developing country than in a developed country. We tested this hypothesis by asking people whether a $100 donation would do more to improve peoples' health in New Zealand or in a poor country overseas. We found a surprisingly large share of people (44 % of those who took part in the DCE) believe a donation will be more effective in New Zealand. A common reason given for believing this was that charity begins at home. This is an incongruent answer, and suggests, in line with some existing research, that people's views on the effectiveness of a donation are influenced by the amount of emotional attachment they have towards a particular charitable cause.

Our second hypothesis is that there is a declining radius of altruism: many people place more weight on where a donation is spent than on how effective the donation is or on how needy the recipients are. We tested this hypothesis by way of a DCE and found that for 47.9% of participants where the donation is spent is the most important attribute; the effectiveness of a donation is the most important attribute for only 21.8% of participants.

Our research provides evidence in favour of both our hypotheses. Firstly, more donations go to local charities because for many people the effectiveness of a donation is less important than where it is spent. Secondly, many people do not believe that a donation will do more good in a poor country overseas. Interestingly, we also find that there are many people who do place a high weight on effectiveness, and believe a donation will be more effective overseas, but who still prefer a donation go to a local charity. These are people we would expect to be effective altruists, but they do not behave as such.

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