Economic research about charitable giving among immigrant populations in the United States sheds light on charitable behaviors related to, but not often included in, discussions of black philanthropy.

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Immigrant assimilation and charitable giving

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IT IS OFTEN ARGUED that successful integration of new immigrants into host societies is important for economic progress and social cohesion. One indicator that can shed new light on the complex process of immigrant assimilation is charitable giving. Charitable giving and other forms of civic engagement have been shown to affect norms of trust, connectedness, and the ability of individuals and communities to enhance their economic and social well-being through cooperative behavior (Putnam, 1993, 2000). By studying immigrant assimilation in charitable giving, it is possible to go beyond learning about immigrants' cultural values and norms and understand how they interact with America.

In this chapter, we examine immigrant assimilation in charitable giving. The results we present are related to broad questions concerning the economic and social dimensions of immigrant

We gratefully acknowledge funding from the Center on Philanthropy at Indiana University. We have benefited greatly from comments from Mark Wilhelm, Rich Steinberg, and participants at the 2003 ARNOVA conference. Xiaojun Feng and Jeanne Ruan provided excellent research assistance.

NEW DIRECTIONS FOR PHILANTHROPIC FUNDRAISING, NO. 48, SUMMER 2005 © WILEY PERIODICALS, INC.

assimilation. Our findings can also inform debates on the role that social identity and cultural origins play in shaping patterns of charitable giving and private transfer behavior.

Our empirical analysis is based on new data 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 role of immigrant status on both charitable giving and private transfers.

We find that immigrant status has a negative but insignificant impact on charitable giving, and there is considerable evidence that immigrants adapt rapidly to U.S. charitable institutions. Our results on private transfers present a striking contrast. Private transfers generally refer to transfers of money and goods to individuals living outside the household. Immigrant households are about 10 percent more likely to participate in private transfer networks. However, these networks tend to be relatively persistent as immigrants gain U.S. experience. Our results on charitable giving, and to a lesser extent private transfer networks, provide some evidence that immigrants assimilate to American processes and institutions and perhaps may have the potential to shape social and civic life in the future.

Background

Despite the lack of quantitative sources on patterns of giving among U.S. immigrants, there is a growing body of descriptive literature that examines how ethnicity and cultural traditions affect giving patterns. Recent immigrants often arrive in the United States with their own traditions of giving based on experiences in their country of origin, which may differ from giving traditions of the native-born population (Joseph, 1995).[1] Furthermore, recent immigrants may have lower levels of involvement with U.S. charitable institutions due to residential segregation and social networks.

There is also some evidence that private transfers are common among immigrant households (O'Neill and Roberts, 2000). Although there is likely to be a great deal of heterogeneity within immigrant populations, the contribution of time, goods, and money in less formal and more personal ways has been an important part of the U.S. immigration experience. Private transfers within extended family and social networks often include financial support toward education expenses, medical costs, and housing, and improve the ability of nonhousehold recipients to cope with adverse shocks to income, including those associated with unemployment and ill health (Chao, 1999). Migrants' family ties and social networks outside the United States may also affect patterns of private transfer behavior. Immigrants with immediate family members residing outside the United States may send remittances to family members or channel their resource transfers toward home town organizations and community development projects.[2]

An extensive literature documents the importance of private transfer networks in developing countries, where a growing share of U.S. immigrants originates (see Morduch, 1999, for a detailed review of this literature). Private transfers may be motivated by the altruistic ties and reciprocity norms that link family members and close friends, as well as by exchange considerations. To understand transfer patterns among immigrants, Chao (1999) argues that immigrants may not often recognize informal giving as philanthropy, but rather may consider this to be part of an individual's social obligation to family and social networks.

Our focus on immigrant assimilation in charitable giving fits into a broader literature on the economic and social adaptation of U.S. immigrants. Although the assimilation of immigrants in philanthropic activity is a relatively unexplored topic, there may be some parallels with the wage assimilation literature.[3] In particular, levels and composition of formal and informal giving among U.S. immigrants may converge to that of the native-born population. It is likely that the rate of assimilation in charitable giving will depend on the immigrant's country-of-origin experience. Specifically, the

degree of similarity between philanthropic institutions in the country of origin and the host country may affect the rate of assimilation in charitable giving. Immigrants from ethnic traditions and countries with less similar philanthropic institutions (compared to the United States) may assimilate at a slower rate compared with immigrants from countries with more similar philanthropic institutions, other things being equal.

There is also some evidence that assimilation among new immigrants, which is mainly composed of Latin American and Asian immigrants, may occur at a slower rate when compared to the pace of assimilation achieved by earlier waves of European immigrants (Borjas, 1994).[4] There is likely to be a great deal of heterogeneity based on ethnicity and country of origin (Duleep and Regents, 1997), as some national origin groups appear to experience faster economic assimilation than others.

Results

We first present results from our baseline model, which includes the indicator variable for immigrant status.

Charitable giving

From Table 9.1, column 1, we note that immigrant status does not have a statistically significant impact on the probability of giving and the level of charitable giving, after we have introduced controls for permanent income and other household variables. We augment our basic specification in order to study immigrant assimilation in charitable giving. In column 2, we adopt a flexible specification to examine the impact of immigrants' duration of stay in the United States on charitable giving. Interestingly, we find that only recent immigrants (who migrated in the past ten years to the United States) have a significantly lower likelihood of giving (the omitted category is immigrants with more than thirty years of U.S. experience). Our results suggest that there are assimilation effects in char-

itable giving.[5] In particular, as immigrants gain U.S. experience, their participation and levels of charitable giving appear to converge to native patterns.[6]

Private transfers

From Table 9.1, column 1 in the bottom panel, starting at the mean, we find that immigrants are 11 percent more likely to give private transfers. The levels of private transfers (measured in logs) are also significantly higher among immigrant households. Conditional on giving, we find that the level of private transfers is about 83.4 percent higher for immigrant households. Unlike our results on charitable giving, immigrants appear more likely to engage in private transfer networks even after we have controlled for economic and demographic variables.

Column 2 in the bottom panel allows us to examine assimilation effects in private transfer behavior using a flexible specification for duration of stay. Our results indicate that immigrant participation in informal giving appears relatively persistent over time. Specifically, immigrants with ten to fifteen years of U.S. experience continue to have higher incidence and levels of private transfers, compared to the omitted category (immigrants with more than thirty years of U.S. experience). In contrast, our results for charitable giving suggest that only recent immigrants with less than ten years of U.S. experience are less likely to give to a charitable organization compared to the omitted category.

We also examine the interaction of immigrant status and years of U.S. experience (in years). Our results indicate that U.S. experience is associated with a decrease in the incidence, as well as the level of private transfers. In particular, an additional year in the United States reduces the likelihood that an immigrant will send a private transfer by about 0.5 percentage points. Again, these results present an interesting contrast to our results on formal charitable giving. While length of stay in the United States reduces immigrant participation in private transfer networks, it tends to increase immigrant participation in charitable giving.

Table 9.1. Probit and tobit regression results for charitable giving and private transfers

Dependent variable: Give to charitable institutions and level of charitable donation

	(1)				*(2)*				*(3) Bivariate Probit and Tobit*		
	Marginal Effect	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*	*Tobit*
Immigrant	–0.02	–0.06	–0.23	–0.40	0.03	0.09	–0.11	–0.18	–0.01	–0.03	–0.32
		(0.09)		(0.27)		(0.26)		(0.90)		(0.09)	
Less than 10 years of stay					–0.24	–0.64*	–0.90	–1.71			
						(0.33)		(1.10)			
10-15 years of stay					0.03	0.08	0.23	0.38			
						(0.30)		(1.00)			
15-30 years of stay					–0.03	–0.08	0.02	0.04			
						(0.27)		(0.93)			
Immigrant year*											
Number of observations		5,216		5,220		5,099		5,103		5,172	5,176
Log likelihood		–2,581		–10,976		–2,507		–10,700		–2,561	–13,901

Dependent variable: Give private transfer and level of private transfer

	(1)				*(2)*				*(3) Bivariate Probit and Tobit*		
	Marginal Effect	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*	*Tobit*
Immigrant	0.11	0.50***	1.16	6.21***	–0.01	–0.09	–0.19	–1.15	0.10	0.50***	6.18***
		(0.10)		(1.28)		(0.37)		(4.80)		(0.10)	(1.94)
Less than 10 years of stay					0.18	0.73*	1.81	8.95*			
						(0.42)		(5.36)			
10-15 years of stay					0.22	0.85**	2.17	10.34**			
						(0.40)		(5.10)			
15-30 years of stay					0.10	0.47	1.10	5.86			
						(0.38)		(4.90)			
Immigrant year*											
Number of observations		5,176		5,176		5,060		5,060		5,172	5,176
Log likelihood		–1,601		–3,124		–1,556		–3,023		–1,599	–13,901

Note: Contribution levels are measured as the natural logarithm plus 1. Robust standard errors are shown in parentheses. Our baseline model includes immigrant, the natural logarithm of giving price, linear, quadratic age terms, male, married, years of education, unemployed, nonwhite, Catholic, family size, and natural logarithm of permanent family income and regional dummies. Regional dummies include Northeast, Southeast, North Central, South Central, Mountain and West of U.S. states. Default: foreign countries.

*Significant at 0.1 level. **Significant at 0.05 level. ***Significant at 0.01 level.

Household variables

We now turn to a discussion of other variables related to immigrant charitable giving: giving to religious, nonreligious, and international giving of immigrants; the impact of immigrants' region of origin on the incidence of charitable giving and private transfers; and the underlying causes of the immigrant-native gaps in participation in charitable giving and private transfers.

Organization-specific results. Table 9.2 allows us to investigate immigrant-native differences in specific types of charitable institutions. We examine giving to religious, nonreligious institutions, and international giving. The key dependent variables are defined as (1) whether an individual contributed formally to this specific category in the survey period and (2) the log total amount contributed in the survey period (not available for international giving).

In specification 1, we report only the coefficients on immigrant status without controls for duration of stay in the United States. From Table 9.2 (specification 1), immigrant status has a negative but insignificant impact on the incidence and levels of religious giving. Interestingly, immigrants appear significantly less likely to give to nonreligious institutions, and their levels of giving are lower. The notable exception here is international giving, where we find that immigrants are actually 4 percentage points more likely to give to international charitable activities, holding other variables constant.

Specification 2 includes controls for duration of stay. Consistent with earlier results, U.S. experience has a positive effect on charitable giving to religious institutions. In addition, we find that immigrant status no longer has a statistically significant impact on nonreligious giving once we control for immigrants' duration of stay.[7]

Region of origin. In Table 9.3, we examine the effect of immigrants' region of origin on the incidence of charitable giving and private transfers. Our results include controls for duration of stay.

From Table 9.3, immigrants from the Middle East, Africa, and South America are less likely to participate in charitable giving compared to the excluded category (European immigrants), although these results are not statistically significant. However, we

Table 9.2. Organization-specific results: Giving to religious, nonreligious, and international purposes

Dependent variable: Give to charitable institution and level of charitable donations

	(1) Religious				*(2) Nonreligious*				*(3) International*	
	Marginal Effect	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*	*Marginal Effect*	*Tobit*	*Marginal Effect*	*Probit*
Specification l: No duration-of-stay controls										
Immigrant	–0.004	–0.01	–0.05	–0.14	–0.12	–0.30***	–0.53	1.29***	0.04	0.61***
		(0.09)		(0.44)	(0.09)			(0.32)		(0.18)
Number of observations		5,218		5,141	5,202			5,077		5,219
Log likelihood		–3,155		–9,061	–2,870			–9,207		–524
Specification 2: With duration-of-stay controls										
Immigrant	–0.08	–0.20	–0.44	–1.28	–0.01	–0.04	-0.08	–0.18		
		(0.26)		(1.47)	(0.25)			(1.07)		
Less than 10 years of stay	–0.05	–0.14	–0.23	–0.66	–0.20	–0.50	–0.78	–1.99		
		(0.33)		(1.80)	(0.32)			(1.32)		
10-15 years of stay	0.16	0.40	0.86	2.10	–0.11	–0.29	-0.50	–1.21		
		(0.30)		(1.63)	(0.30)			(1.21)		
15-30 years of stay	0.10	0.25	0.63	1.58	–0.09	–0.21	–0.37	–0.88		
		(0.27)		(1.52)	(0.27)			(1.12)		
Number of observations		5,101		5,026	5,086			4,962		
Log likelihood		–3,090		–8,930	–2,817			–9,096		

Note: Contribution levels are measured as the natural logarithm plus 1. Robust standard errors are shown in parentheses. Our baseline model includes immigrant, the natural logarithm of giving price, linear, quadratic age terms, male, married, years of education, unemployed, nonwhite, Catholic, family size, and natural logarithm of permanent family income and regional dummies. Regional dummies include Northeast, Southeast, North Central, South Central, Mountain and West of U.S. states. Default: foreign countries.

*Significant at 0.1 level. **Significant at 0.05 level. ***Significant at 0.01 level.

find that immigrants from Central America and Mexico are significantly more likely to participate in charitable giving than the omitted category (European immigrants). These results may provide some preliminary evidence that ethnicity and national origin influence the incidence of charitable giving, even after we have controlled for income and demographic variables. Immigrants from ethnic traditions and countries with less similar philanthropic institutions (to the United States) may have lower participation rates in formal philanthropy compared to immigrants from countries with more similar philanthropic institutions, other things being equal.

Table 9.3 also uncovers interesting results on private transfer behavior among immigrant households. From column 2, immi-

Table 9.3. Charitable giving and private transfers: Region of Origin

Dependent variable: Give to charitable institution controls for duration of stay

Default: Europe *(Full Sample)*

	Charitable Giving		*Private Transfers*	
	Marginal Effect	*Probit*	*Marginal Effect*	*Probit*
Middle East and Africa	–0.06	–0.19	0.07	0.36
		(0.46)		(0.51)
Asia	0.02	0.08	0.05	0.28
		(0.34)		(0.38)
Central America and Mexico	0.15	0.56*	0.07	0.36
		(0.30)		(0.35)
South America	–0.21	–0.57	–0.03	–0.21
		(0.50)		(0.63)
Caribbean	0.03	0.08	0.22	0.84*
		(0.46)		(0.47)
Number of observations		4,520		4,484
Log likelihood		–2,195		–1,385

Note: Robust standard errors are shown in parentheses. Our baseline model includes immigrant, the natural logarithm of giving price, linear, quadratic age terms, male, married, years of education, unemployed, nonwhite, Catholic, family size, and natural logarithm of permanent family income and regional dummies. Regional dummies include Northeast, Southeast, North Central, South Central, Mountain and West of U.S. states. Default: foreign countries.

*Significant at 0.1 level.

grants from the Middle East and Africa, Central America and Mexico, and the Caribbean are more likely to participate in private transfer networks. However, only Caribbean immigrants are significantly more likely to participate in private transfer networks than the excluded category (European immigrants). Again, these results are suggestive of the role of home country experience in shaping both patterns of charitable giving and private transfer behavior.

Decomposing the immigrant-native gap in formal and informal giving. In this section, our goal is to investigate possible causes of the immigrant-native gaps in participation in charitable giving and private transfers. Specifically, we quantify the share of the immigrant-native gap that can be attributed to measurable characteristics (such as income, age, education, price of giving, and race) and the share that is due to structural or unobserved differences across immigrants and natives. Given the nonlinearity of the probit equation, we adopt a variation of the Blinder-Oaxaca decomposition (Blinder, 1973; Oaxaca, 1973). This method is detailed in Fairlie (2003).

Table 9.4 presents estimates using these methods for the nonlinear decomposition of the immigrant-native gap in charitable giving and private transfer behavior based on Fairlie (2003). Estimates presented in specifications 1 and 2 are based on the coefficients from the probit model for the immigrant and native samples, respectively.

We first discuss results from charitable giving. Although the selection of native or immigrant weights is somewhat arbitrary, it can be argued that from a policy viewpoint, it would be most useful to consider what would happen to immigrant participation in charitable giving if immigrants retained their own functions but were given the native means. From our estimates, about 59 percent of the immigrant-native gap would remain even if immigrants had the same income, education, and other measured characteristics as natives. When native coefficients are used (specification 2), a different picture emerges in that over 90 percent of the gap in formal giving can be explained by immigrant-native differences in characteristics.

Table 9.4. Decomposition of difference between native and immigrant in charitable giving and private transfer

	Charitable Giving		*Private Transfers*	
	Immigrant	*Native*	*Immigrant*	*Native*
Full Sample				
Mean:	0.451	0.681	0.173	0.095
Gap:		0.230		–0.078
	(1)	(2)	(3)	(4)
Overall difference:				
From $(X^N - X^I)$	0.09	0.23	0.038	0.022
	40.51%	98.05%	–48.37%	–28.59%
From $(\beta^N - \beta^I)$	0.14	0.004	–0.115	–0.100
	59.39%	1.86%	148.03%	128.24%
Random Sample				
Contribution to the gap from the following variables:				
Log permanent family income	0.050	0.048	0.040	0.015
	21.85%	21.00%	–51.76%	–18.79%
Education	0.062	0.088	–0.004	0.004
	26.76%	38.46%	4.90%	–5.33%
Nonwhite	–0.059	0.028	0.030	–0.022
	–25.59%	12.04%	39.07%	28.12%
Log price	0.034	0.027	0.009	–0.002
	14.96%	11.66%	–12.17%	3.17%
All other variables	0.010	0.016	0.018	0.021
	4.40%	7.13%	–23.30%	–26.36%

Note: Column 1 uses the coefficients from PROBIT with the immigrant sample. Column 2 uses the coefficients from PROBIT with the native sample.

We now turn to examine the contribution of individual characteristics to the overall gap in formal giving. Of particular interest is the relative contribution of group differences in racial background, income, and educational attainment to the immigrant-native gap in charitable giving. As expected, group differences in educational attainment and income account for a large share of the immigrant-native gap. Specifically, lower levels of educational attainment for immigrants account for 26 to 38 percent of the immigrant-native gap in charitable giving. Similarly, lower levels of income among immigrants account for about 21 percent of the immigrant-native gap in charitable giving, and this result appears

less sensitive to the specification adopted. We note that our results suggest that group differences in age, marital status, and household size explain a relatively small share of the gap in charitable giving.[8]

In Table 9.4, we also present the decomposition results for private transfers. Specification 1 presents estimates based on immigrant coefficients, and specification 2 is based on native coefficients. In both specifications, the bulk of the immigrant-native gap in private transfers is attributable to differences in the coefficients rather than group differences in characteristics.

From our decomposition estimates, immigrant-native differences in charitable giving may be due to the distribution of individual characteristics (education, income, wealth, price of giving, demographic variables), as well as to the immigrant-native differences in the processes that generate formal giving. In contrast, much of the gap in private transfer behavior cannot be attributed to immigrant-native differences in characteristics. Instead, immigrant-native differences in private transfer behavior appear to be better explained by the differences in the processes that generate private transfers and omitted variables in our analysis, such as extended family characteristics and networks.[9] An important concern with the decomposition methodology is that we cannot address the concern that observed differences in characteristics for immigrants and natives (such as income, employment status, and education) may themselves be due to factors such as discrimination or social networks (such as language proficiency, home country ties, social networks, and residential segregation).

Conclusion

There has been a growing interest on the impact of immigration on social cohesion and institutions in the United States. Standard economic indicators provide only limited insights on how immigration will affect social and economic institutions, norms, and processes. This chapter provides new evidence on immigrant participation and assimilation in charitable giving in the United States.

Charitable giving is thought to be an intrinsic aspect of American life and may reflect norms of trust, connectedness, and cooperative behavior.

We find that while immigrant households appear to have lower average rates of participation and levels of charitable giving, these differences are not statistically significant after we have controlled for permanent income and other household variables. In contrast, immigrants are significantly more likely to give within private transfer networks compared to native households, holding other variables constant. From our results, immigrants tend to adapt relatively quickly to U.S. philanthropic institutions. We find that only recent immigrants (who arrived in the 1990s) have significantly lower rates of charitable giving.

Our results suggest that immigrant assimilation in charitable giving occurs rapidly, with implications for building social cohesion at the community and national levels. We also find that private transfer behavior is relatively persistent over time, suggesting that immigrants may have the potential to shape charitable giving and other U.S. social and economic processes over time.

Notes

1. An important source within this literature is *Donors of Color* (Council of Foundations, 1993), which uses qualitative methods to study traditions of giving within specific ethnic and cultural groups.

2. In 2001, remittances to developing countries amounted to $72.3 billion, exceeding total official flows, and nearly 42 percent of total foreign direct investment to developing countries (World Bank, 2003). In addition to financial transfers, immigrants may send clothing, food, and consumer goods to their family members in their origin communities. This figure represents a lower bound for the scale of remittances since remittance flows may also occur through informal channels.

3. Some studies of immigrant earnings, for example, Chiswick (1978), present a favorable picture of immigrant adaptation to the U.S. labor market. First, the earnings of immigrants grow rapidly as they gain experience in the United States; second, this rapid growth leads to immigrants' earnings outpacing the earnings of the natives within ten to fifteen years.

4. Borjas (1985) argues that the use of cross-sectional data may overstate the rate of wage assimilation.

5. We should note that there are some limitations because we rely on cross-sectional data on charitable giving. Ideally, longitudinal data would allow us

to observe a given household over time, enabling us to separately identify the role of cohort or time-of-arrival effects and duration effects in the assimilation process.

6. We also examine the inclusion of the immigrant's length of stay (in years) in the United States and its interaction with immigrant status (results not shown). The parameter on the duration-of-stay variable captures how an additional year in the United States affects the immigrant's likelihood of giving. From our results, an additional year in the United States has a positive effect on charitable giving.

7. We also examine more detailed information on the impact of immigrant status on giving for eleven categories of formal charitable activity. We find that immigrant status has a negative and statistically significant impact only on the incidence of charitable giving to the needy and educational and arts institutions, not on other categories of charitable giving.

8. From the decomposition results presented, estimates appear sensitive to whether native or immigrant coefficients are used. This is expected since the underlying processes that determine formal giving may differ across immigrant and native households. A likelihood ratio test rejects the null hypothesis that the coefficients for both specifications are identical.

9. We include the number of parents and siblings residing outside the United States in our estimation, but this does not significantly affect our baseline regression model. An additional parent or sibling residing outside the United States has a positive but insignificant effect on both charitable giving and private transfers.

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