Government support and charitable donations

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Philanthropy in the Netherlands

2015

Millions of Euros

- Lotteries
- Corporations
- Foundations
- Bequests
- Households

Geven in Nederland
The crowding-out hypothesis

1840
Alexis de Tocqueville

1953
Robert Nisbet

1962
Milton Friedman
The crowding-out hypothesis

“For every welfare state, if social obligations become increasingly public, then its institutional arrangements crowd out private obligations or make them at least no longer necessary”

(Van Oorschot and Arts 2005: 2)
What's the evidence?

Empirical questions

- Macro: What is the incidence and level of donations across countries?
- Meso: How are changes in subsidies related to changes in donations to organizations?
- Micro: how do people respond to actual policy changes?
Empirical questions

- Macro: What is the incidence and level of donations across countries?
- Meso: How are changes in subsidies related to changes in donations to organizations?
- Micro: how do people respond to actual policy changes?
No strong correlation

Crosswise crowding-in

Empirical questions

- Macro: What is the incidence and level of donations across countries?
- Meso: How are changes in subsidies related to changes in donations to organizations?
- Micro: how do people respond to actual policy changes?
No clear trend

Budget cuts on development aid

More subsidies to the Salvation Army

Budget cuts are covered in the news

...but what about extra funding?

Large differences between organizations

Empirical questions

- **Macro**: What is the incidence and level of donations across countries?
- **Meso**: How are changes in subsidies related to changes in donations to organizations?
- **Micro**: how do people respond to actual policy changes?
How the Dutch respond to cutbacks

- **86**
  - **6** Will give more
  - **8** Would give less
  - No change
Experimental design

- Base line appeal:

  “The Dutch charities are in need of your support.”

- + Information on lost subsidies:

  “The Dutch charities are in need of your support. KWF Kankerbestrijding for example received € 361,000 on government subsidies in 2011 but received no subsidies in 2012.”
Knowledge question

“What do you think, did KWF Kankerbestrijding receive more, an equal amount of, or less government subsidies in 2012 compared with 2011?”
Providing information increases the number of donors

De Wit, A., & Bekkers, R. Can Charitable Donations Compensate for a Reduction in Government Funding? The Role of Information.
Providing information increases the number of donors

De Wit, A., & Bekkers, R. Can Charitable Donations Compensate for a Reduction in Government Funding? The Role of Information.
No significant differences for amount donated

De Wit, A., & Bekkers, R. Can Charitable Donations Compensate for a Reduction in Government Funding? The Role of Information.
Moderators of the information effect

De Wit, A., & Bekkers, R. Can Charitable Donations Compensate for a Reduction in Government Funding? The Role of Information.
Implications for government policy

1. Do not expect too much of the nonprofit sector. Nonprofit organizations often cannot substitute budget cuts with increasing fundraising income.

2. Communicate about policies and their consequences. Donors can be activated if they are informed.

3. Look further than just one project. Budget cuts in one sector can draw donors from other areas.
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