

An Economic Perspective on the Private Value of Altruism: How charitable organisations sell a negative in a conspicuous world.

Paul Jenkins u3065189@uni.canberra.edu.au

University of Canberra

Motivation

- The purpose of this study is to gain an understanding of the drivers of prosocial behaviour (“caring” or “living” for others”), with a specific focus on altruism, imperfect altruism, and conspicuous behaviour.
- Altruism is the behaviour that improves the welfare of another while reducing the altruist’s welfare.

Altruism and Egoism

- Auguste Comte (1798-1857) coined Altruism: “live for others”
 - Founder of positivist epistemology i.e. only believing in things that can be observed and proved.
 - Science would absorb the need for a supernatural presence.
 - However, the loss of the ‘ritual of religion’ would result in undesirable plagues of personality.
 - Comte’s solution was the Religion of Humanity ‘... from every point of view, the ultimate systematisation of human life must consist above all in the development of altruism’ (1854).
- *Psychological egoism* theory: people cannot but act in their own interests.
 - ‘... even though they may disguise their motivation with references to helping others...’ (Moseley, 2013).
 - Thomas Hobbes (1588-1679) ‘...the object is to every man his own good...’ (1651).
 - Friedrich Nietzsche (1844-1900) unconscious egoism.
 - Herbert Spencer (1820-1903) argued that ‘...egoism precedes altruism in order of imperativeness...’ (1879).
- Bernard Mandeville (1670-1733): The Fable of the Bees.
 - Private vice; public benefit.
 - ‘Pride and vanity have built more hospitals than all the virtues together’ (p.292).

Putting aside the Altruism Egoism debate

Figure 1.1

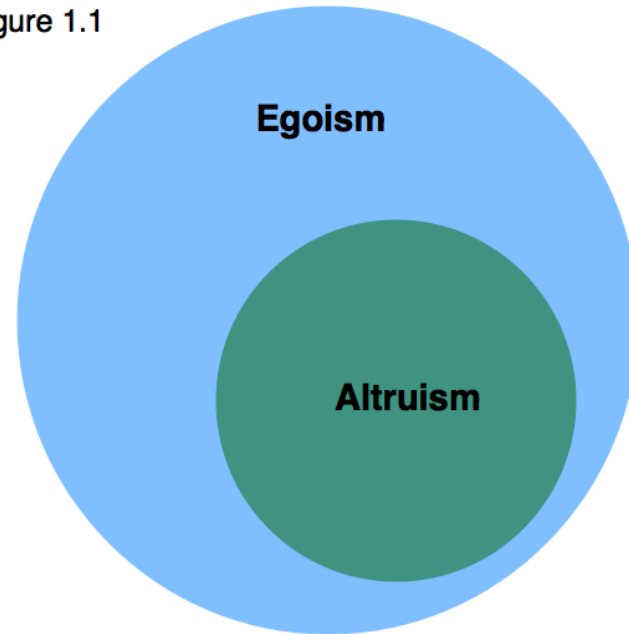
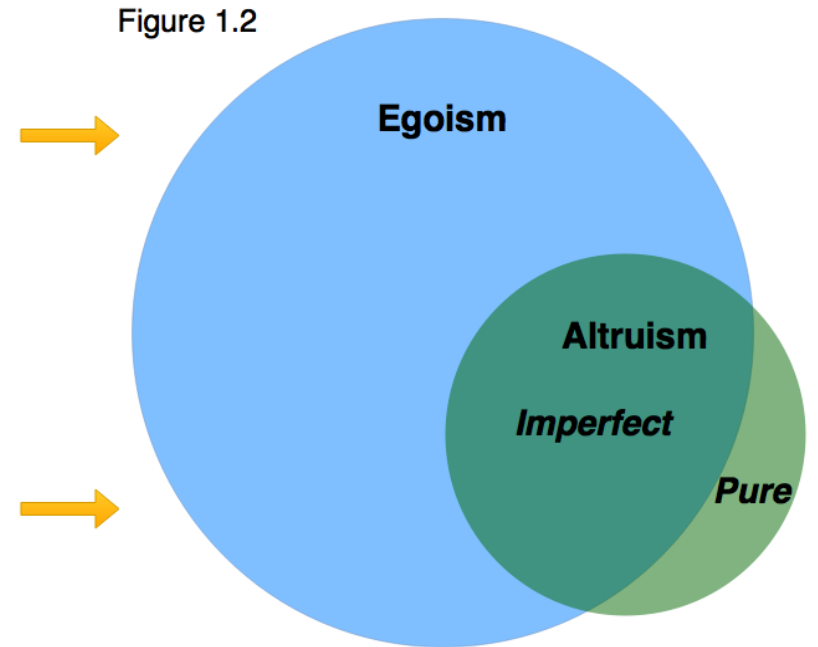


Figure 1.2



Can a altruistic agents benefit?

Source: Authors' adaptation of Batson, C.D., (2014).

Perfect & Imperfect Altruism

- James Andreoni argued that the traditional model of pure altruism lacked predictive power due to absence of utility gain (1990) .
- However, while the traditional model didn't have predictive power, it still has a use in enabling us to understand the behaviour:
 - Motivated purely by others needs.
 - A pure altruistic agent will respond to others leading to crowding out.
- Warm glow: '...donors derive an internal satisfaction from giving'.
 - Purely egoistic agent: only concerned about the warm glow.
 - Imperfect altruistic agent: concerned by both altruism and warm glow.
 - Incomplete crowding out: Apathy: a lack of interest or concern for another individual.
 - Does not predict any free rider behaviour.

Conspicuous Behaviour

- Thorstein Veblen (1857-1929): The Theory of the Leisure Class (1899) status-seeking conspicuous consumption ('signalling wealth').
- Charles Finney (1851) conspicuous benevolence.
 - '...the mind is no less selfish in seeking to promote the relief and happiness of its object, then it is in any other form of selfishness. In such cases, **self-gratification**, is then end sought, and the **relief of the suffering in only a means**' (Finney, 1851).
- Allan Bloom (The Closing of the American Mind, 1987).
 - 'It is very difficult to distinguish oneself in America, and in order to do so the students [of the 60's] substituted conspicuous compassion for their parent's conspicuous consumption'.
- *The underlying signalling mechanism of conspicuous consumption is been used to explain and predict elements of imperfect altruism.*

Conspicuous Compassion Behaviour (CCB)

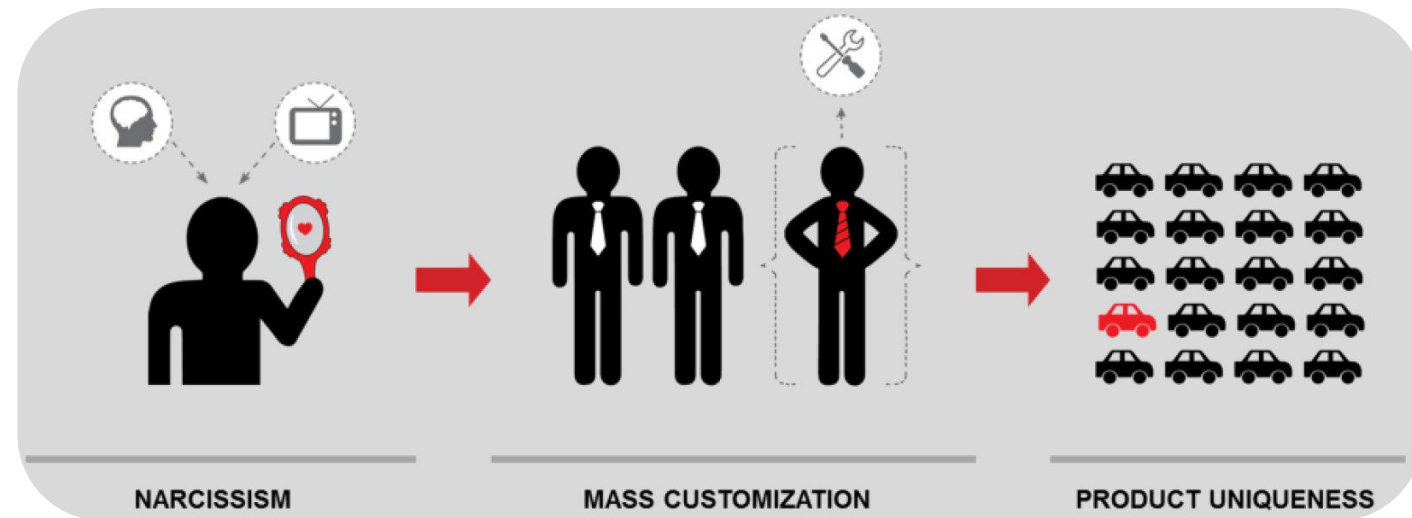
Virtue Signalling

Conspicuous Donation Behaviour (CDB)

- Patrick West (2004) [CCB] : ‘...the fate of the homeless, starving Africans or dead celebrities is not actually of principal importance. What really drives their behaviour is the need to be seen to care. And they want to be seen displaying compassion because they want to be loved themselves’.
 - It is about feeling good not doing good.
 - CCB catches a large spectrum i.e. wearing an empathy ribbon to protesting.
 - West noted the “uncaring consequences” of the behaviour i.e. Misallocations, Conspicuous inflation.
- Virtue signalling: merely expressing opinions intended to demonstrate one's moral correctness on a particular issue. (identity politics).
- Grace and Griffin (2005, 2006, 2009) *coined* CDB.
 - Noted the positive benefits of this strategy can have for charity.
 - Characteristic demand theory (Lancaster, 1966).
 - CDB makes the assumption that the agent donates.
- Conspicuous altruistic behavior ability to predicts both apathy and free rider behaviour.

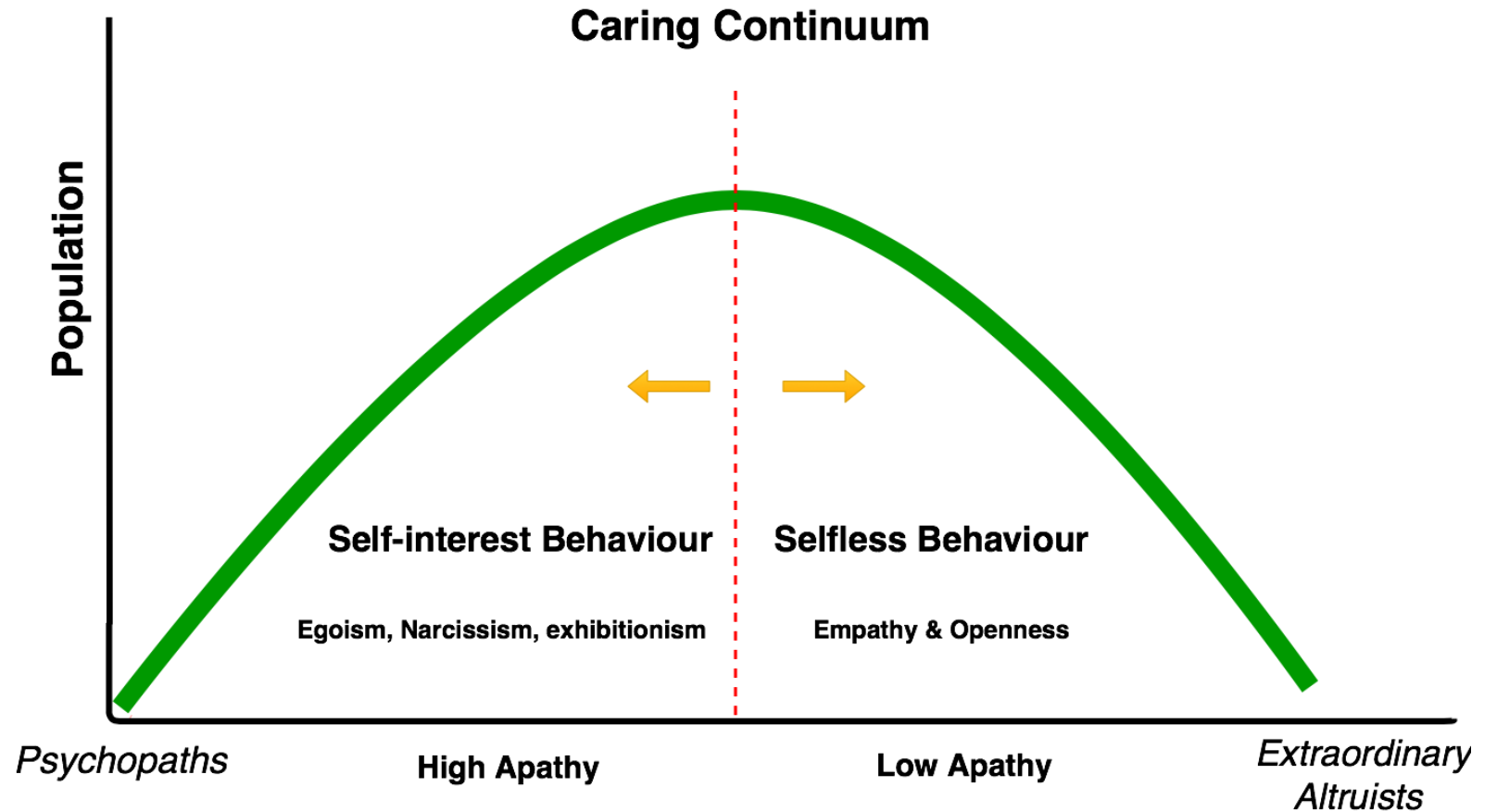
Attention Capital and Narcissism.

- The attention economy: not 'paying attention' but 'extracting attention' 'attention capital'.
- Grandiose exhibitionism.
 - Self-promotion (Carpenter, 2011)
 - Ability to predict apathy (Pane, 2013)
 - Social media validation (Tara *et al*, 2015)



Source: Bellis *et al*, (2015)

Continuum



Source: Authors' adaptation of Marsh *et al* (2014).

If an altruistic act is the result of self-interest - does apathy follow?



My Study – Ice Bucket Challenge

- **ALS Ice bucket challenge** : more than 17 million videos on Facebook alone. Viewed more than 10 billion times by over 440 million people.
- Donations to the ALS Association (US) 29 Jul-21st Aug 2014: \$41.8 million of donations contributed by 739,000 new donors.
- Survey design

Groups

Focus groups	n	Recorded exposure
High Exposure	18	Recorded participating in the Ice Bucket Challenge.
Online Viewing Only	40	No participation in the IBC but recorded viewing the IBC online, with no friends participating.
Online & Friends	46	No participation in the IBC but recorded both viewing the IBC online and a friend's participation.
No exposure	11	No participation in the IBC and have no recorded exposure online or by friends.

(n = 116)

Can you name a public figure that has the disease the Ice Bucket Challenge intended to raise awareness for?

11.2% indicated that they could name a public figure with ALS but only 6.9% were able to give a correct answer.

Stephen Hawking was the most popular correct answer with Michael J. Fox who suffers from Parkinson's disease being the most popular incorrect answer.

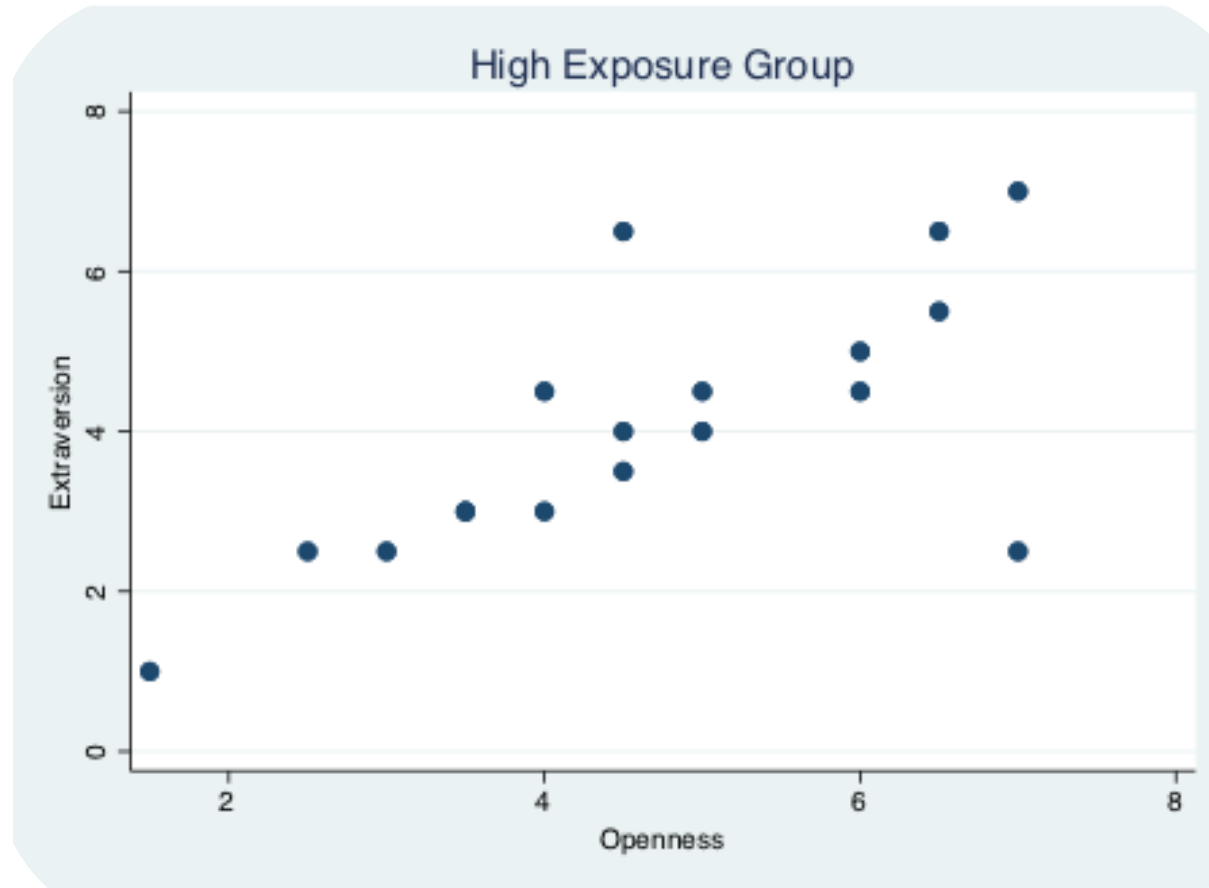
What disease was the Ice Bucket Challenge for?

- 19.8% correctly answered.
- By groups:
 - High Exposure 22.2%,
 - Online Viewing Only 15%,
 - Online & Friends 21.7%,
 - No Exposure 27.2% .
- *This is consistent with a level of apathy, however not knowing the level of awareness before the IBC. It can only be said that the individuals participating in the IBC do not have a greater level of awareness than those who recorded no exposure.*

What part of the body does it effect?

- To test the robustness of the previous questions:
- Of the 23 individuals who could name ALS, 14 also named the nervous system as being responsible for the condition.
- Adding the public figure question to the analysis only 5 of the 116 remain, with none of them belonging to the High Exposure group.

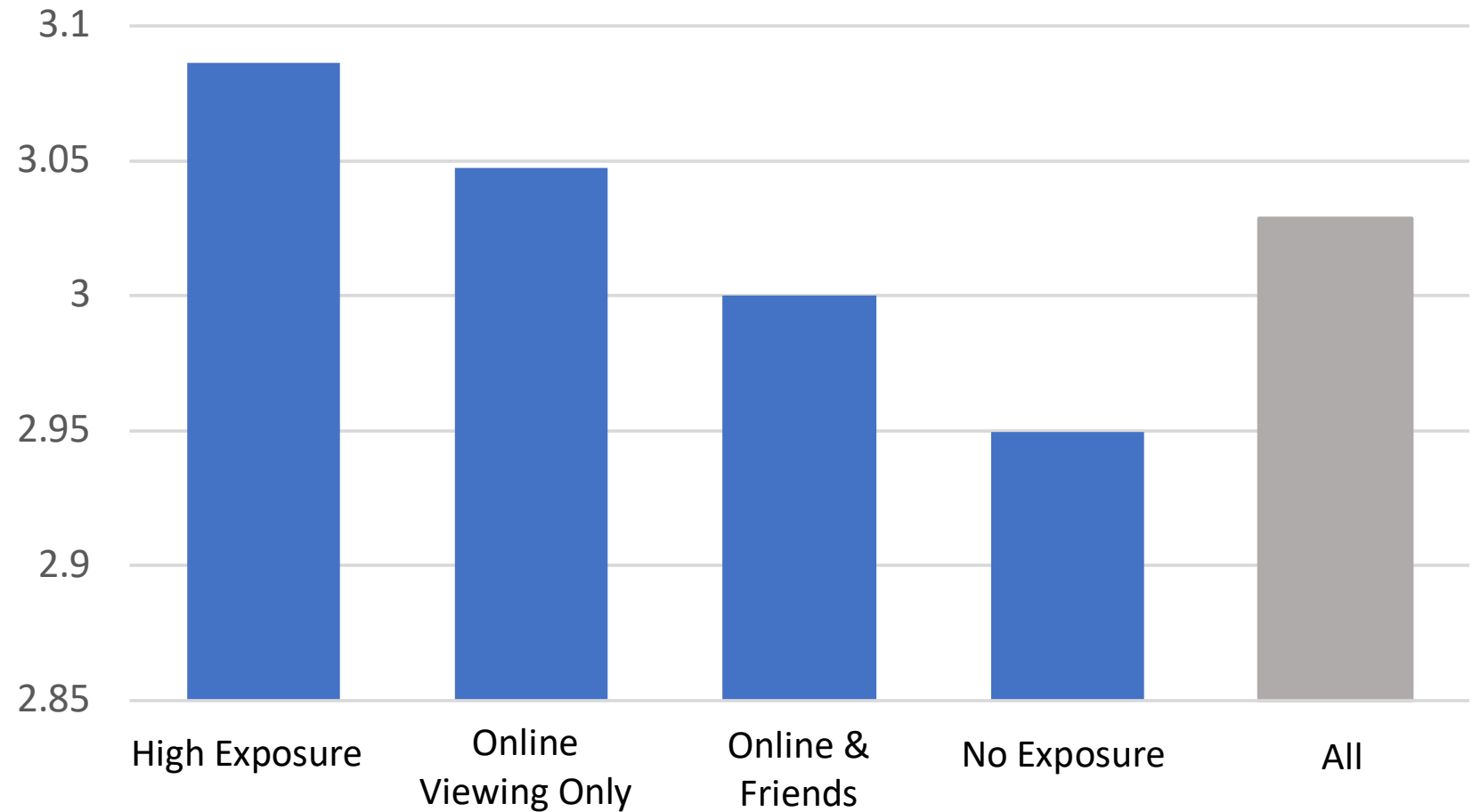
Big Five Personality Traits



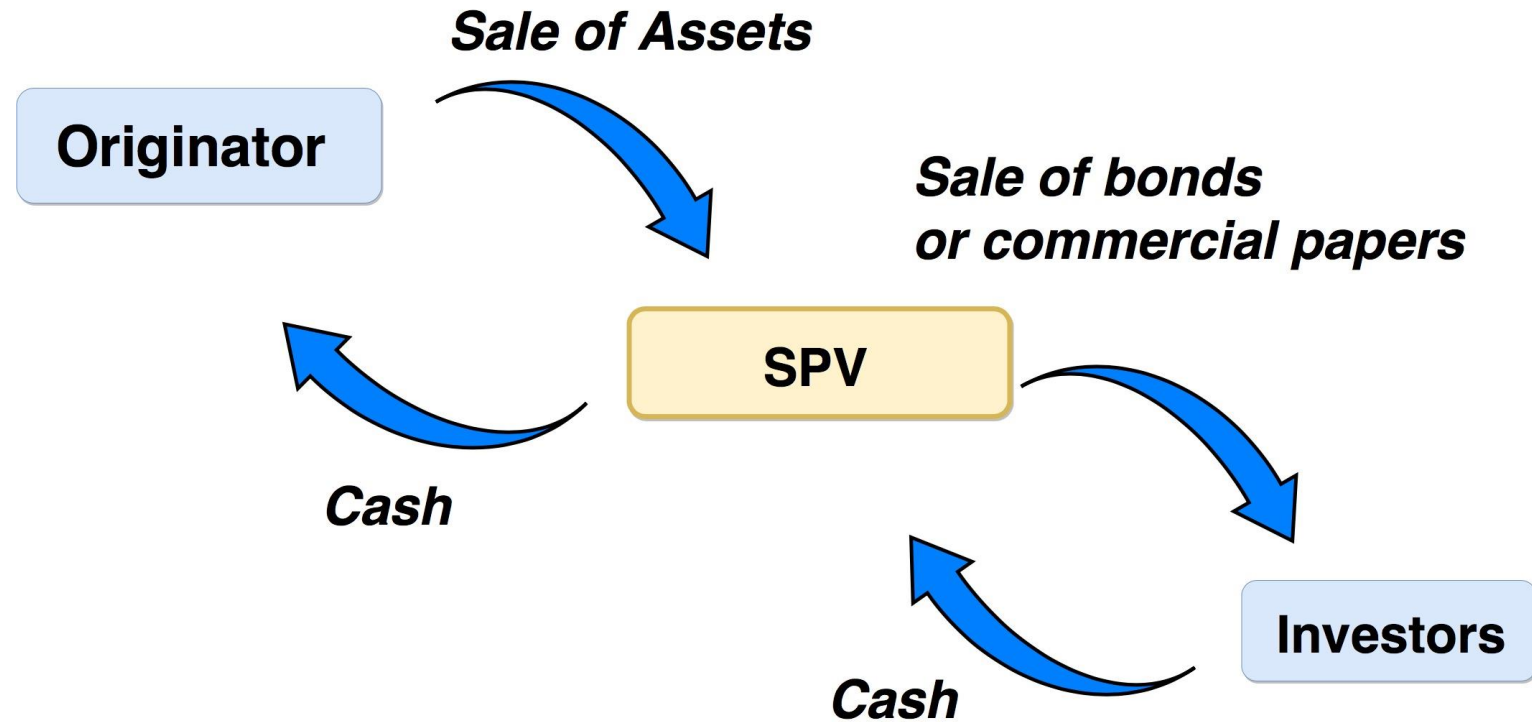
Correlation between openness and extraversion coefficient of 0.70, with a significant p-value of 0.0012.

Other studies have found the same correlation between narcissistic displays of grandiosity, extraversion and openness (Paulhus and Williams, 2002).

Short Dark
Triad (SD₃)
(Grandiose
exhibitionism).

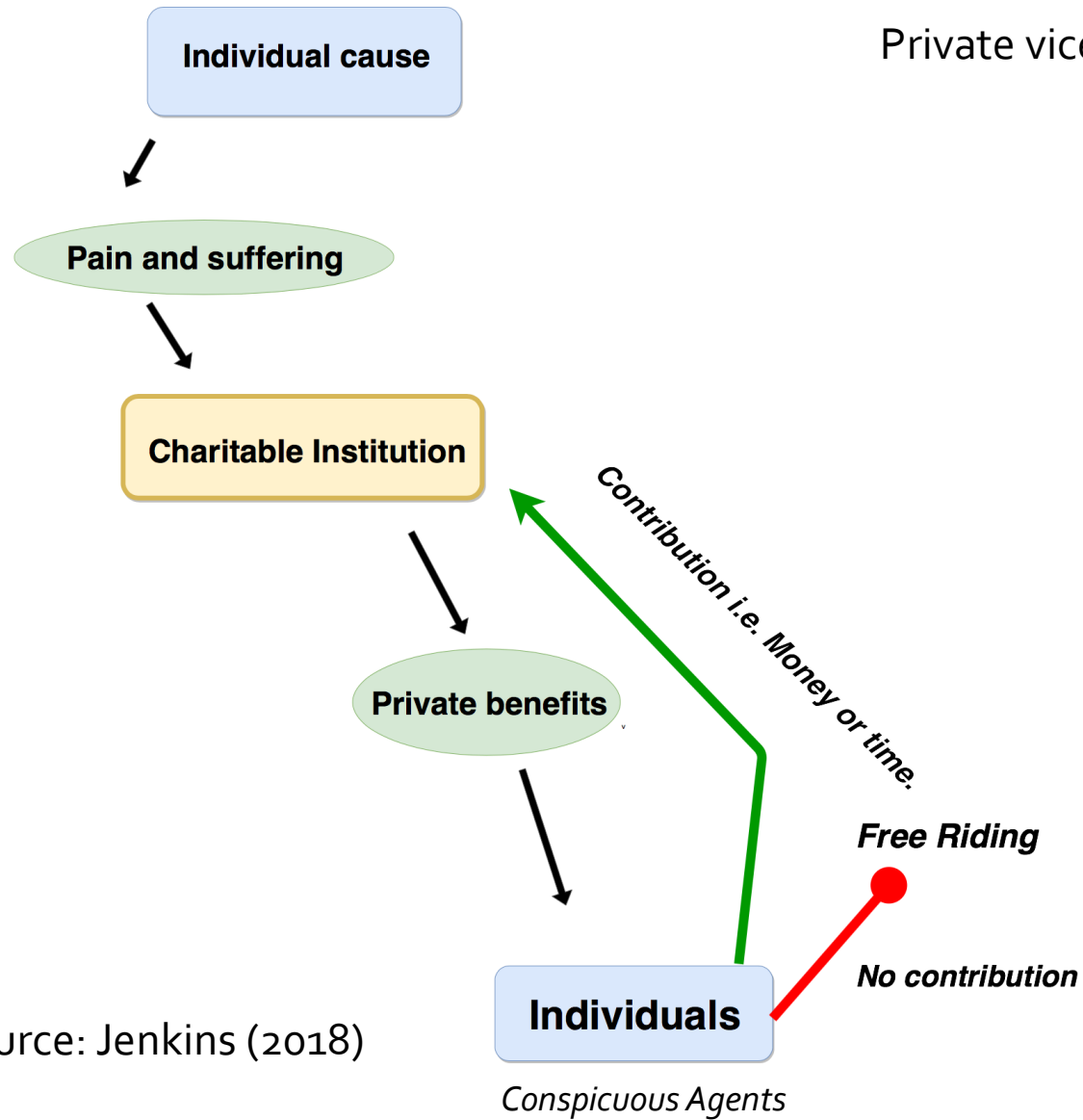


What is the role of a charitable institution, and how do they turn a negative value into a positive value?

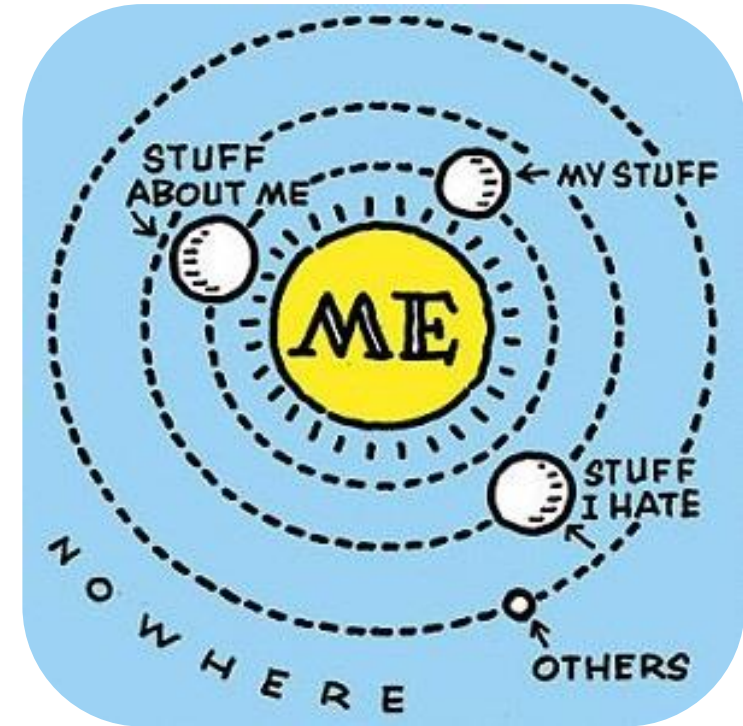
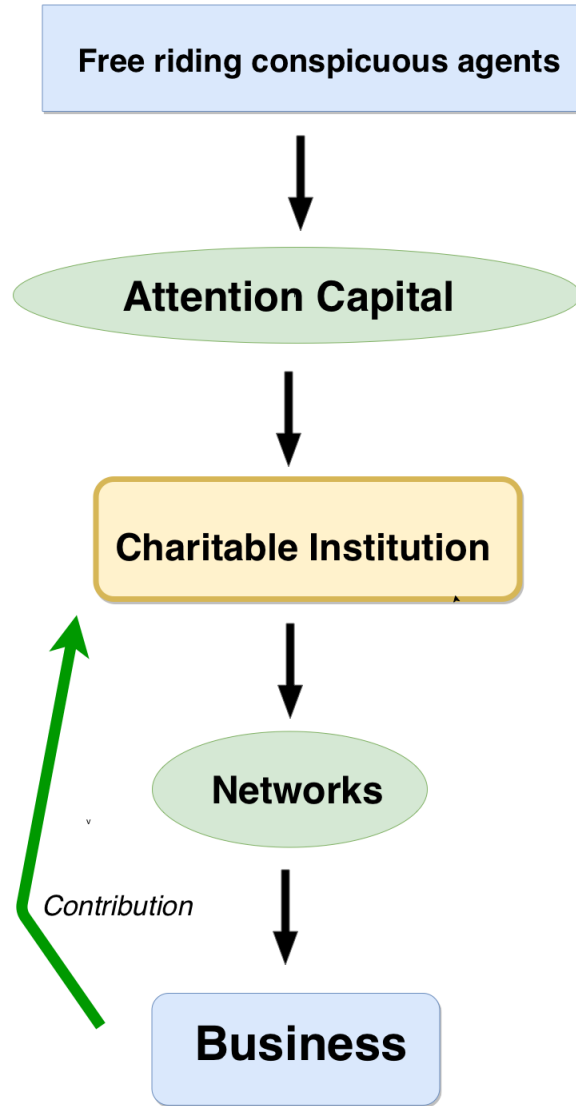


Source: Ginnie Mae (1970)

Charitable Institution as a Intermediary. Intervention?



Finding value in Free Riding Conspicuous Agents



Source: Jenkins (2018)

Thank you



"According to your online sales profile,
the meaning of life for you is
conspicuous consumption."

Conspicuous
altruistic
agents
represent an
opportunity
charitable
institutions.

