

Authors

John List
The University of Chicago

The Effects of Seed Money and Refunds on Charitable Giving: Experimental Evidence from a University Capital Campaign

John A. List

University of Maryland

David Lucking-Reiley

University of Arizona

We design a field experiment to test two theories of fund-raising for threshold public goods. Andreoni predicts that publicly announced “seed money” will increase charitable donations, whereas Bagnoli and Lipman predict a similar increase for a refund policy. Experimentally manipulating a solicitation of 3,000 households for a university capital campaign produced data confirming both predictions. Increasing seed money from 10 percent to 67 percent of the campaign goal produced a nearly sixfold increase in contributions, with significant effects on both participation rates and average gift size. Imposing a refund increased contributions by a mere modest 10 percent, with significant effects on average gift size.

And Janet provided research assistance. Todd Cherry and Jennifer Liu helped with the design of the Center for Environmental Policy Analysis Interns. We thank Jan Andreoni for very helpful comments in the planning stages of our experiment. Rachel Carson, Stefano Della Vigna, Bill Harbaugh, Mark Isaac, Bradley Ruffle, Lew Sussangkarn, and an anonymous referee have also provided valuable suggestions, as have participants in presentations at the University of Arizona, the University of California, Santa Cruz, the University of Chicago Graduate School of Business, the University of Illinois, the University of Oregon, Vancouver University, and the Economic Science Association meetings. Finally, we thank the University of Central Florida and Dean Thomas Koen for financially supporting our work and offering us the flexibility required to complete the project.

Journal of Political Economy, 2005, vol. 113, no. 12
© 2005 by The University of Chicago. All rights reserved. 0022-3816/05/11312-0000\$12.00

The Effects of Seed Money and Refunds on Charitable Giving: Experimental Evidence from a University Capital Campaign

We design a field experiment to test two theories of fund-raising for threshold public goods: Andreoni predicts that publicly announced “seed money” will increase charitable donations, whereas Bagnoli and Lipman predict a similar increase for a refund policy. Experimentally manipulating a solicitation of 3,000 households for a university capital campaign produced data confirming both predictions. Increasing seed money from 10 percent to 67 percent of the campaign goal produced a nearly sixfold increase in contributions, with significant effects on both participation rates and average gift size. Imposing a refund increased contributions

by a more modest 20 percent, with significant effects on average gift size.

February 01, 2002