

Are Americans Generous?

Shattering the myth of American stinginess

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By Arthur C. Brooks

Are Americans charitable, or are they stingy? On the one hand, we often hear that American philanthropy is exceptional, by international standards—a claim that is reinforced by events such as the 2004 South Asian tsunami (the relief efforts for which Americans privately gave more than \$1.5 billion) or Hurricane Katrina (to which Americans have probably given \$3.4 billion to date).

On the other hand, the conventional wisdom is often challenged by people who have a different view of Americans' innate generosity. For example, former President and Nobel Peace Prize laureate Jimmy Carter said in 2004 that Americans are indifferent to the suffering of others around the world. "The problem lies among the people of the U.S.," he declared. "It's a different world from ours. And we don't really care about what happens to them." Europeans often add that America is an ungenerous nation because our government foreign aid budget is lower than that of many other developed countries as a proportion of the American economy (although in absolute dollars, we lead the world).

Recent research from the Comparative Nonprofit Sector Project at Johns Hopkins University seems to support the view that America is not as generous as we might have thought. Examining international data collected between 1995 and 2002, the Hopkins researchers concluded that American charity lagged behind that of many Western European nations, including Holland, Sweden, Norway, France, and Great Britain. This surprising conclusion comes after the researchers added volunteer time to money gifts and excluded religious gifts. They valued time at the "average wage of a community worker," and then divided the total sacrifice by each country's gross domestic product (GDP) to estimate the total income (or foregone wages) devoted to charitable purposes.

How should we sort out these claims? Is American generosity actually a myth?

Private Giving

The European claims about stingy American foreign aid are easy to dispense with, because they ignore the enormous private gifts that characterize American generosity (such as donations following the tsunami), and therefore greatly understate true American humanitarian assistance. The U.S. Agency for International Development notes that official U.S. development assistance, at about \$10 billion, is roughly 0.1 percent of GDP, but this amount is accompanied annually by about \$50 billion in aid from private sources, including foundations, religious congregations, voluntary organizations, universities, corporations, and individuals (in the form of remittances to friends and family). All told, American overseas aid—mostly private, not public—comes to about 0.5 percent of GDP (approximately \$200 per American). And this does not even count more controversial aid sources, such as military aid and private investment abroad by American businesses. Carol Adelman makes these points in great detail in the Hudson Institute’s new Index of Global Philanthropy (<http://gpr.hudson.org>).

The Hopkins claims are more complicated, and not so easily dismissed. First, there is a built-in problem finding evidence on comparative charity: Data on European giving behavior are seldom collected. While there are multiple new and overlapping data sources on giving in America, one is lucky to find any recent data at all on private giving in Europe. In fact, the Hopkins data on money donations in Europe are mostly from the 1990s. Still, these data show a huge gap in money giving: No western European population comes remotely close to the United States in private charity. Per capita, Americans give three and a half times as much as the French, seven times as much as the Germans, and 14 times as much as the Italians.

Perhaps this comparison is not a truly fair one, because it does not take account of the fact that average incomes vary between countries quite a bit, as do the prices of goods and services. For example, it would not be realistic to expect a family in Ireland—with an average annual income that is only two-thirds of an average American family’s—to give as much.

Therefore, it would be useful to see whether the charity gap between America and Europe persists after correcting for average income. To do so, I divide each country’s total private giving levels by its price-adjusted gross domestic product (GDP) in the same year, indicating the average percentage of “purchasing power” that a citizen in each country gave to

charity that year. But most of the results don't change much. Even accounting for differences in standards of living, average Americans in the 1990s gave more than twice as much of their incomes to charity as the Dutch, almost three times as much as the French, more than five times as much as the Germans, and ten times as much as the Italians. Similar adjustments for differences in tax systems have little impact on the difference in private giving between the U.S. and Europe. In other words, Europeans simply give far less money, privately, than Americans.

But maybe this is just a financial matter. This is the implication of the Hopkins finding that, when volunteer time is included and monetized using an average wage rate, European countries overtake America in total charity as a percentage of GDP.

Translating volunteer time into monetary terms is a dicey business. To understand this, consider how we could value volunteer time in the U.S., compared with France. Let's say we were to use the minimum wage to value the wages foregone by volunteers. The current hourly minimum wage is \$5.15 in the U.S., versus \$9.75 in France, which naturally makes volunteers more "valuable" in France. This bias is compounded by the fact that French unemployment is twice as high as America's, and people retire earlier in France—meaning that, in reality, many more French than American volunteers actually have a foregone wage of zero, assuming some people (such as students and pensioners) volunteer when paying jobs are unavailable to them.

Rather than looking at a rational value of volunteer time, then, it is clearer to compare volunteering rates between countries. Doing so tells the same story we got from comparisons of money giving. The best source of data on comparative volunteering rates comes from the International Social Survey Programme (ISSP). In 1998, the ISSP focused on volunteering for religious, political, or charitable causes. My analysis of these data shows that no European country reaches American volunteering levels—indeed, most don't even come remotely close. For example, Americans are 15 percentage points more likely to volunteer than the Dutch (51 to 36 percent), 21 points more likely than the Swiss, and 32 points more likely than the Germans. These volunteering differences are not attributable to any characteristic such as the average level of education or income. On the contrary, if we look at two people who are identical in age, sex, marital status, education, and household income—but one is European and the other American—the

probability is far lower that the European will volunteer than the American. For example, an Austrian who “looks” demographically just like an American will be 32 percentage points less likely to volunteer, a Spaniard will be 31 points less likely, and an Italian will be 29 points less likely.

The Religious Factor

Why do Americans give so much more than Europeans? Recently, François Heisbourg, director of the Foundation for Strategic Research (a Parisian think tank), summarized the differences between Europeans and Americans: “The biblical references in politics, the division of the world between good and evil, these are things that [Europeans] simply don’t get. In a number of areas, it seems to me that we are no longer part of the same civilization.” According to a similar analysis in the New York Times by a former advisor to the late French President François Mitterand, “Europe defends a secular vision of the world,” whereas the United States has “an altogether biblical self-assurance in its transcendent destiny.”

It is simply undeniable that Europe and America are drifting apart culturally, and the drift is nowhere more evident than in the area of religious faith. The percentage of the population that has no religion (or never attends a house of worship) is higher in almost every European country than it is in America, and the percentage that goes to church every week is lower in most as well. In many cases, the differences are dramatic. For example, according to the ISSP data from 2002, a British citizen is three times as likely to be completely secular as an American (63 to 19 percent).

This divergence in religiosity may be one explanation for the huge trans-Atlantic charity gap, given what research has found about the way religious behavior affects American giving. For example, according to the Social Capital Community Benchmark Survey (a survey of about 30,000 Americans in 41 communities nationwide in the year 2000), Americans who attended their house of worship every week or more were 25 percentage points more likely to donate money to charity than secularists (people who never attended, or had no religion), and 23 points more likely to volunteer. Nor is this simply a matter of religious citizens giving to religious causes. Religious people were ten points more likely than secularists to give money to explicitly nonreligious charities and 21 points more likely to volunteer for secular causes. The value of the average religious household’s gifts to charity was more than three times higher than the average secular household’s.

This clear correlation between secularism and low rates of charity occurs across countries as well. The ISSP data tell us, for example, that 32 percent of Americans attended church regularly in 1998. The same year, 38 percent volunteered for nonreligious charities. Compare this with Germany, where 8 percent attended church and 10 percent volunteered for secular causes. Or Denmark, where 2 percent regularly attended church and 11 percent volunteered.

A precise way to compare religious participation and volunteering across nations is to look at individual citizens in each country. Holding constant the forces that are specific to each nation, as well as important sociodemographic characteristics, the relationship between religion and volunteering is quite large. For example, imagine two people from the same country who are identical with respect to age, sex, education, marital status, and income—but one is religious while the other is secular. The former will be 17 percentage points more likely than the latter to volunteer during a given year. And the impact of being both European and secular makes the difference explode. For example, take two people who are identical except that one is secular and Spanish while the other is religious and American. The secularist Spaniard will be an amazing 44 percentage points less likely to volunteer than the religious American.

In short, the most straightforward comparisons of giving and volunteering data in the United States and Europe support the stereotype of American generosity. Americans privately give and volunteer far more than Europeans do, and one likely reason for this difference is the dramatic gulf in religious participation we see opening between the United States and most of western Europe.

I am not arguing that one population—American or European—is inherently more virtuous than the other. Most of us have already made up our minds on that issue. Whatever our views, however, a full understanding of the evidence makes it clear that private charitable behavior is one way that Americans are truly exceptional.

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