Can’t Touch This!
Willingness to Accept Dirty Money

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Motivation

- In August of 2005 Hurricane Katrina made landfall
  - Over 1000 people killed
  - Over a billion US dollars in damage
- In response aid poured in from all over the world
- However not all of it was accepted
Case of Interest

Donations from white supremacist band

- Prussian Blue Donations
  - Stipulated aid packages go to white families
  - Came with pamphlet promoting racist ideology
- Needed aid went largely unaccepted
- Ended up in a confederate memorabilia shop
Why People Give

Altruism is often cited as a primary reason for donation

- Warm Glow and its three components (Becker, 1974; Andreoni, 1985; Andreoni, 1995)
  1. Direct benefits (material and psychological) to the individuals who receive the donations
  2. Public component that all members of society enjoy by seeing the harm mitigated
  3. Private, subjective, warm glow the givers receive from the act of donation

- However, the outright rejection of needed aid is in stark contrast to the way in which academics have traditionally approached giving
The Source of Income/Gifts Matters

Why not keep it?

- Strong positive affect or cultural reasons
  - Not needed
  - Gift may put undue stress on giver
  - Artifact of culture (c.f. Iranian T’aarof)

- Negative Affect
  - Dislikes or does not want to be associated with the giver
  - She may wish to punish the giver by ridding herself of the gift
  - The receiver may not wish to owe the giver any future reciprocity
Objectives

We test how subjects’ affect toward the source of their endowment in influences the dictator game giving

- Develop a (very) simple theory to form hypotheses
- Test our theory using an economic experiment
  - Vary the source of the Dictators’ endowment
- 3 Primary Results
  1. No significant differences across sources
  2. Individual affect toward provider impacts dictator game giving similarity and trust
  3. Significant subject heterogeneity in subject population
Dictator Game

- Dictator is provided an endowment
- Passes any portion to the Responder
- Responder must accept
- Dictator earns the endowment minus the amount sent to responder
- Responder earns whatever the Dictator sends them
Dictator Game (cont.)

Canonically selfish Nash predictions straightforward
  ▶ Dictator keeps the entire endowment
  ▶ Responder earns nothing

These payoff bundles are relatively uncommon
  ▶ With hypothetical stakes about 50% send half (Kahneman et al., 1986)
  ▶ Average amount sent is around 20% of the endowment (Forsythe et al., 1994)
  ▶ About 60% send positive amounts (Camerer, 2003)
  ▶ Suggests some form of altruism
Other Regarding Preferences

Obviously we (humans*) have preferences for “things” other than money

- Fairness (Fehr and Schmidt, 1999; Bolton and Ockenfels, 2000)
- Expectations
  - Earned Endowments/Roles (Oxoby and Spraggon, 2008; Cherry et al., 2002; Hoffman et al., 1994)
  - Opportunity (Cherry and Shogren, 2008)
  - Group Identity (Chen and Li, 2009)
- Miscellaneous
  - Decision Space (Dana, Weber, and Kuang, 2007)
  - Anonymity & Experimenter Demand (Hoffman, McCabe and Smith, 1996)
  - Gender (Andreoni and Lise Vesterlund, 2001)
  - Many many others

*Monkeys too, it seems (Brosnan and de Waal, 2003)
Summary

These traits are also thought to influence market behavior and other social interactions

- Most not take into account that endowments are not manna from heaven
  - Total amount coming from multiple sources

We argue (and demonstrate) the source of an endowment influences allocation decisions

- Suggesting consumer spending can be influenced by the provider of an endowment
- Similar to earmarking
Intuition

How Endowment Sources Affect Giving Behavior

- People have personal preferences over the endowment providers
- Money from a loved one is more “valuable” than monies from a disreputable source
- Leads to changes in the marginal rate of substitution between own earnings and other party
Previous Model

Dictator maximizes utility as a function of their endowment \((e)\) and the amount they send to the responder \((x)\)

\[
\max_x f(e - x) + z(x) \quad s.t. \quad e \geq x
\]

where

\[
f'_e \geq 0, \quad f'_x \leq 0, \quad and \quad z'_x \geq 0
\]

The optimal amount sent satisfies the condition below

\[
f'_x(e, x) = z'_x(x)
\]
Basic Model

Here we keep the same structure but substitute in \( v \) that is a function of \( \alpha \) and \( e \)

\[
\max_x f(v - x) + z(x)
\]

\[
s.t. \ e \geq x \ and \ v = g(e, \alpha)
\]

where

\[
f'_v \geq 0, \ f'_x \leq 0, \ and \ z'_x \geq 0
\]

The optimal amount sent satisfies the condition below

\[
f'_x(v, x) = z'_x(x)
\]
Basic Model

Now, we make an assumption about the form of $g(.)$

$$g'_\alpha(e, \alpha) \geq 0$$
$$g'_e(e, \alpha) \geq 0$$

Substitute in $g(.)$ for $v$

$$\frac{\partial f}{\partial \alpha} = \frac{\partial f}{\partial g} \frac{\partial g}{\partial \alpha}$$

Which can be used to show

$$f''_{x\alpha} \geq 0$$

The interpretation being that as $\alpha$ increases the marginal cost of giving also increases

- As $\alpha$ increases it becomes more costly to give
- Leads to lower offers
How is this testable?

Must consider

1. Experimenter demand effects
   - Double blind payments
2. We need them to actually generate endowments for dictators
   - Follows norms of experimental economics (no dishonesty)
3. Different groups that are likely to have varying levels of affect across dictators
   - Stormfront.org (STORM)
   - Amazon Mechanical Turk workers (AMT)
   - Florida State University Students (FSU)
Design

We use 2 stages:

1. Stage 1 (online)
   - 3 subjects participate in an online experiment where they select between two allocations
   - 1 from each group
   - Complete a short survey.
   - Use the amounts generated in the first stage for dictators’ endowments

2. Stage 2 (laboratory)
   - Dictators told the source of their endowment and given information about the source
   - Given a questionnaire after making their decision
   - Demographic variables
   - Trust, Opinion, and Similarity
   - Paid using a double blind procedure
Survey Questions

1. (SIMILAR) What do you think, how similar are you to an average www.stormfront.org user/www.mturk.com user/Florida State University student?

2. (OPINIONS) What do you think, how much do you share opinions and beliefs with the average www.stormfront.org user/www.mturk.com user/Florida State University student?

3. (TRUST) What do you think, how much can you trust an average www.stormfront.org user/www.mturk.com user/Florida State University student?
Hypotheses

1. Proposers indicating lower affect toward the source of their endowment will give comparatively higher amounts to responders in the dictator game.

2. There is substantial variance in the affect variables across the three groups. Subjects will feel significantly different affect toward each of the three groups. This will take the order of $FSU > AMT > HATE$. 
## Results

### Earnings by Treatment and Role

<table>
<thead>
<tr>
<th>Number of Subjects</th>
<th>Proposers</th>
<th>Responders</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Proposers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STORM</td>
<td>36(18)</td>
<td>674.72</td>
</tr>
<tr>
<td>AMT</td>
<td>36(18)</td>
<td>666.66</td>
</tr>
<tr>
<td>FSU</td>
<td>36(18)</td>
<td>718.89</td>
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</tbody>
</table>
Results

Mean of similarity scale and means of the two underlining items
Results

Histograms of Dictator Giving for low (left) and high (right) similarity
Results

Histograms of Dictator Giving for low (left) and high (right) similarity
### Amounts Sent

<table>
<thead>
<tr>
<th>Given</th>
<th>(1) Tobit</th>
<th>(2) Tobit</th>
<th>(3) Tobit</th>
<th>(4) Tobit</th>
<th>(5) OLS</th>
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<tbody>
<tr>
<td>Similarity</td>
<td>-69.85**</td>
<td>-77.80***</td>
<td>-86.41***</td>
<td>-86.41***</td>
<td>-68.64**</td>
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<tr>
<td></td>
<td>(26.23)</td>
<td>(27.03)</td>
<td>(28.16)</td>
<td>(17.82)</td>
<td>(18.44)</td>
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<tr>
<td>Trust</td>
<td>54.43*</td>
<td>63.40**</td>
<td>78.60**</td>
<td>78.60***</td>
<td>66.33*</td>
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<tr>
<td></td>
<td>(29.2)</td>
<td>(29.47)</td>
<td>(32.52)</td>
<td>(24.34)</td>
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<td>Female</td>
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<td></td>
<td>(75.6)</td>
<td>(77.54)</td>
<td>(77.47)</td>
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<td>(86.68)</td>
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<td>Age</td>
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<td>-25.42</td>
<td>-26.46</td>
<td>-26.46</td>
<td>-23.33</td>
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<tr>
<td></td>
<td>(19.65)</td>
<td>(21.95)</td>
<td>(21.7)</td>
<td>(33.09)</td>
<td>(31.33)</td>
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<tr>
<td>Constant</td>
<td>348.5</td>
<td>1,189*</td>
<td>1,146*</td>
<td>1,146</td>
<td>995.7</td>
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<td></td>
<td>(454.9)</td>
<td>(613.6)</td>
<td>(607.2)</td>
<td>(915)</td>
<td>(871.7)</td>
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<td>Yes</td>
<td>Yes</td>
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<td>-</td>
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<td>54</td>
<td>54</td>
<td>54</td>
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<tr>
<td>$R^2$</td>
<td>0.0163</td>
<td>0.0268</td>
<td>0.0289</td>
<td>0.0289</td>
<td>0.272</td>
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</tbody>
</table>
Conclusions

**Result 1:** The similarity to the endowment source influences the dictators’ giving significantly. The higher the similarity, the larger the part of the endowment the dictators keep for themselves

**Result 2:** The effect of similarity on the dictators’ giving is robust to added controls. Furthermore, the higher the trustworthiness of the endowment source the more the dictators give to the recipient

**Result 3:** There is substantial variation of affect across the three groups

**Result 4:** Higher offers than one would expect with a double blind payment
Conclusions

Why not a strict ordering?

1. Stromfront trolling?

2. University in the Southern United States probably is more likely to have students who are sympathetic to dubious ideology

3. Anecdotally, I know of several students who do not identify with FSU. This is supported by the data
Extensions

- Appetite for Destruction
- Risk and Endowment Source
- Time discounting Endowment Source
- Income Portfolios Comparisons
Thanks!
Amazon Mechanical Turk

Mechanical Turk is a marketplace for work.
We give businesses and developers access to an on-demand, scalable workforce.
Workers select from thousands of tasks and work whenever it's convenient.

273,076 HITs available. View them now.

Make Money by working on HITs

HITs - Human Intelligence Tasks - are individual tasks that you work on. Find HITs now.

As a Mechanical Turk Worker you:
- Can work from home
- Choose your own work hours
- Get paid for doing good work

Get Results from Mechanical Turk Workers

Ask workers to complete HITs - Human Intelligence Tasks - and get results using Mechanical Turk. Register Now

As a Mechanical Turk Requester you:
- Have access to a global, on-demand, 24 x 7 workforce
- Get thousands of HITs completed in minutes
- Pay only when you're satisfied with the results

Find an interesting task, Work, and Earn money.

Find HITs Now or learn more about being a Worker.

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Can't Touch This!
David Johnson
Introduction
Background
Theory
Design
Hypotheses
Results
Conclusions
Appendix
Welcome to Stormfront.

We are a community of racial realists and idealists. We are White Nationalists who support true diversity and a homeland for all peoples. Thousands of organizations promote the interests, values and heritage of non-White minorities. We promote ours. We are the voice of the new, embattled White minority!

If this is your first visit, be sure to check out the Introduction to Stormfront. You are also welcome to browse our other nine million posts, but you must register before you can post anywhere except the Open Forums.

<table>
<thead>
<tr>
<th>Forum</th>
<th>Last Post</th>
<th>Threads</th>
<th>Posts</th>
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<td>Sustaining Members</td>
<td>Private</td>
<td>8,763</td>
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<td>New Stormfront Radio Show</td>
<td>Private</td>
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<td>Stormfront Core Support Group</td>
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<td>91</td>
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<td>Lifetime Members</td>
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<td>Introduction to Stormfront</td>
<td>Part 1: An Introduction to Stormfront and the... by PureCelt</td>
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<td>Announcements</td>
<td>Contributions in January by Michael</td>
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<td>Guidelines for Posting</td>
<td>Welcome: Guidelines for Posting by Don Black</td>
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## Source Player Choice

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<th></th>
<th>Option A</th>
<th>Option B</th>
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<tr>
<td><strong>ME</strong>:</td>
<td>10.00</td>
<td>12.00</td>
</tr>
<tr>
<td><strong>OTHER</strong>:</td>
<td>8.00 * z</td>
<td>10.00 * z</td>
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## Summary Statistics of Proposers

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<th>St. Dev.</th>
<th>Min</th>
<th>Max</th>
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<td>KEEP</td>
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<td>238.18</td>
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<td>1000</td>
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<td>HATE</td>
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<td>FSU</td>
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<td>FEMALE</td>
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CDFs of Survey Item Responses

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<tr>
<td>0.8</td>
<td>0.8</td>
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<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>0.2</td>
<td>0.2</td>
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<table>
<thead>
<tr>
<th>Similarity (constructed)</th>
<th>Trust</th>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>0.8</td>
<td>0.8</td>
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<tr>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>0.2</td>
<td>0.2</td>
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</table>

STORM  -  AMT  -  FSU
Quotes

**STORM:** “We are a community of racial realists and idealists. We are White Nationalists who support true diversity and a homeland for all peoples. Thousand of organizations promote the interest, values and heritage of non-white minorities. We promote ours. We are the voice of the new embattled White minority”

**AMT:** “We give business and developers access to an on-demand, scalable workforce. Workers select from thousands of tasks and work whenever it’s convenient”

**FSU:** “Strength, Skill, Character”