The Charitable-Giving Divide

Mark Peterson/Redux Pictures

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With the battle over whether to extend the Bush tax cuts for the wealthy shaping up as the major political event of the fall, opponents of repeal were handed a bounteous gift this summer when Bill Gates, Warren Buffett and 38 others announced that they formed a pact to give at least half their wealth to charity. After all, what better illustration could there be of the great social good that wealthy people can do when the government lets them keep their hard-earned dollars to spend as they please?

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$227.41 billion is the estimated amount GIVEN by individuals to CHARITABLE organizations in 2009.

Source: The Center on Philanthropy at Indiana University, 2007.

The problem is that the exceptional philanthropy of the superwealthy few doesn't apply to the many more people defined as rich in the current debate over the Bush tax cuts — individuals earning over $200,000 and couples with revenues over $250,000. For decades, surveys have shown that upper-income Americans don't give away as much of their money as they might and are particularly undistinguished as givers when compared with the poor, who are strikingly generous. A number of other studies have shown that lower-income Americans give proportionally more of their incomes to charity than do upper-income Americans. In 2001, Independent Sector, a nonprofit organization focused on charitable giving, found that households earning less than $25,000 a year gave away an average of 4.2 percent of their incomes; those with earnings of more than $75,000 gave away 2.7 percent.

This situation is perplexing if you think of it in terms of dollars and cents: the poor, you would assume, don't have resources to spare, and the personal sacrifice of giving is disproportionately large. The rich do have money to spend. Those who itemize receive a hefty tax break to make charitable donations, a deduction that grows more valuable the higher they are on the income scale. And the well-off are presumed to have at least a certain sense of noblesse oblige. Americans pride themselves on their philanthropic tradition, and on the role of private charity, which is much more developed here than it is in Europe, where the expectation is that the government will care for the poor.

But in the larger context of "the psychological culture of wealth versus poverty," says Paul K. Piff, a Ph.D. candidate in social psychology at the University of California, Berkeley, the paradox makes sense. Piff has made a specialty of studying those cultures in his lab at the Institute of Personality and Social Research, most recently in a series of experiments that tested "lower class" and "upper class" subjects (with earnings ranging from around $15,000 to more than $150,000 a year) to see what kind of psychological factors motivated the well-known differences in their giving behaviors. His study, written with Michael W. Kraus and published online last month by The Journal of Personality and Social Psychology, found that lower-income people were more generous, charitable, trusting and helpful to others than were

those with more wealth. They were more attuned to the needs of others and more committed generally to the values of egalitarianism.
“Upper class” people, on the other hand, clung to values that “prioritized their own need.” And, he told me this week, “wealth seems to buffer people from attending to the needs of others.” Empathy and compassion appeared to be the key ingredients in the greater generosity of those with lower incomes. And these two traits proved to be in increasingly short supply as people moved up the income spectrum.
This compassion deficit — the inability to empathetically relate to others’ needs — is perhaps not so surprising in a society that for decades has seen the experiential gap between the well-off and the poor (and even the middle class) significantly widen. The economist Frank Levy diagnosed such a split in his book “The New Dollars and Dreams: American Incomes and Economic Change,” published in the midst of the late-1990s tech boom. “The welfare state,” Levy wrote, “rests on enlightened self-interest in which people can look at beneficiaries and reasonably say, ‘There but for the grace of God. . . .’ As income differences widen, this statement rings less true.” A lack of identification with those in need may explain in part why a 2007 report from the Center on Philanthropy at Indiana University found that only a small percentage of charitable giving by the wealthy was actually going to the needs of the poor; instead it was mostly directed to other causes — cultural institutions, for example, or their alma maters — which often came with the not-inconsequential payoff of enhancing the donor’s status among his or her peers.
Given all this, it’s tempting to believe that there’s something intrinsic to the rich or the poor that explains their greater or lesser generosity and empathetic connection to others (i.e., rich people get rich because they like money more and are less distracted from their goals by the relational side of life), but Piff’s research points in a different direction. Piff found that if higher-income people were instructed to imagine themselves as lower class, they became more charitable. If they were primed by, say, watching a sympathy-eliciting video, they became more helpful to others — so much so, in fact, that the difference between their behavior and that of the low-income subjects disappeared. And fascinatingly, the inverse was true as well: when lower-income people were led to think of themselves as upper class, they actually became less altruistic.
“These patterns can be changed,” Piff says. What this means is that whatever morality tale can be spun by the giving patterns for rich people and poor people, it shouldn’t turn on the presumed nobility of the needy or essential cupidity of the fortunate. Instead, we should look at what has pushed rich and poor (or, more accurately, the rich and everyone else) to such opposite extremes of existence. A generation of political decisions — regarding big business and labor, the deregulation of the financial industry and, yes, tax cuts for the wealthy — have brought our society to this sharply divided, socially and economically polarized place we now find ourselves, says the political scientist Jacob Hacker, co-author, with Paul Pierson, of the coming book “Winner-Take-All Politics: How Washington Made the Rich Richer — and Turned

Its Back on the Middle Class." And, just as with the behavior of Piff's subjects in the lab, political decisions can be changed. "Runaway inequality," he says, has led to "a pulling away of the very wealthy from the rest of American society. Do we believe the rich should be trusted to tithe, or should we have a society with a basic taxing-and-spending structure that ensures a modicum of economic security for all people?"
In a more equitable society, the very well off might indeed have less cash to give. But if a rising tide lifts all boats, that may not matter so much.

Judith Warner is the author, most recently, of "We've Got Issues: Children and Parents in the Age of Medication."

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