Abstract - The economics of philanthropic behavior in the United States has received considerable attention in the literature over the past 25 years. Until now, however, no major studies on developing or transition economies had appeared. This paper begins to fill this gap, estimating the determinants of charitable giving in Russia in the post–Soviet era using World Bank household–level data. It provides evidence of both similarities and differences with Western countries regarding the effects of income, taxes, and demographics on charitable giving.

“Voluntary social insurance, development of additional forms of social security and charity shall be encouraged.”
—Article 39, section 3, The Russian Constitution

INTRODUCTION

Philanthropy has received substantial treatment in the economics literature over the past 25 years. To date, more than 60 empirical articles have been published on the price and income determinants of donative behavior. The principal questions in these papers surround the responsiveness of charitable giving to changes in a donor’s financial circumstances, such as income or tax rates. The demographic influences on giving in these papers have generally been treated tangentially (as controls in the regressions), although sociologists and other noneconomists have focused on nonpecuniary influences over philanthropy more directly (e.g., Schervish and Havens, 1997).

The data in practically all of these studies have been from American surveys and tax data, with a few papers on Canada or Western Europe. No major academic empirical work on developing or transition economies has appeared in the economics literature to date, for two likely reasons. First, detailed data on charitable activities and other discretionary uses of income are not routinely collected in many parts of the world. Second, the tax–deductibility of contributions to charities is not a ubiquitous phenomenon—even in some Western European countries the deductible portion of gross
income is so small as to preclude any measurement of tax effects.3

As interest in the international policy community grows regarding the role of nongovernmental institutions in building economies, one wonders how charitable participation in developing and transition economies might be affected by changes to the tax codes, distributions of income, and demographic shifts. Given the lack of studies using data from these economies, it is tempting to generalize U.S. findings. But is it legitimate to generalize in this way? I answer this question in this paper, using household charitable giving data from Russia in the post–Soviet era.

Intuition tells us that the U.S. findings may indeed not apply to Russia. For example, in a country with relatively little presence of organized religion and in which the state formerly provided all public goods and services, there may be little culture of “giving back,” neutralizing large parts of the donor base. With its increasingly–wide income distribution, a preponderance of giving among elite groups might lead to a different income effect on giving than in the United States. And given Russia’s high level of tax avoidance, it is difficult to predict how marginal tax rates (and thus the price of giving) might impact giving. The empirical results in this paper indicate both similarities and differences between Russian and American giving patterns.

In the next two sections, I describe the philanthropic, income, and tax environment in Russia. Next, I introduce the models and data used to estimate economic and demographic effects on giving. Following this, I present the regression results with discussion. The last section summarizes the paper’s main conclusions and suggests future research.

CHARITABLE GIVING IN RUSSIA

After nearly 75 years of near–complete state control over production in the Soviet Union, many goods and services in Russia are now being spun off to the private sector (Honkkila, 2000). Especially in the case of charitable services, this has meant establishment of a nonprofit sector, where private nongovernmental organizations (NGOs) believed to produce a public service can do so in an environment that is favorable with respect to taxes and charitable contributions. As in the U.S., enterprises formed for religious association, cultural or educational purposes, health, or “social protection” register with the government and are subsequently exempt from corporate taxation (Conseco, 2001). In addition, contributions to these organizations are not taxed as income to the donors.4 There are currently estimated to be more than 60,000 charitable organizations operating in Russia (The Economist, 1998).

Notwithstanding the development of these organizations, financial support from private individuals in Russia has been low; most of the support for NGOs comes from the Russian government, private Russian for–profit firms, foreign governments, and international foundations. The relatively low level of private support is apparent on comparison of Russian private philanthropy with that in the United States. Analyzing data from the World Bank’s Household Expenditure and Income Data for Transitional Economies (HEIDE) database (Ackland, et. al., 1997), Russian households contributed an average of .6 percent of their annual after–tax income to charity in 1993. The comparable figure for the U.S. is between 1.5 and 3 percent, depending on the survey employed (Van Slyke and Brooks, 3 For example, Sweden has no tax–deductibility at all, while France limits its deductibility to 1 percent of taxable income (Schuster, 1986).
4 These organizations include international NGOs registered with the Russian government.
And while approximately 72 percent of Americans make a charitable contribution each year (General Social Survey, Davis et al., 1999), only about 25 percent of Russians donate.

There are a number of explanations as to why Russians give at such lower rates than Americans. Most authors point to public attitudes and low financial means as the primary culprits. Over many years of central planning, the attitude has become entrenched that the government is the only legitimate provider of public goods and services (Davis, 1996), and low average household incomes make charitable giving an unaffordable luxury for many (Flaherty, 1992).

INCOME AND INCOME TAX IN RUSSIA

To understand charitable giving, it is important first to look at income. Most wage data—including the HEIDE data—collect information on wages pertaining to just one period prior to the survey. Annualizing these figures ignores substantial seasonal variation and movement in and out of the labor force in a labor market in which only about 65 percent of household heads are employed at any one time. A better way to measure income in this case is based on spending: Following Prais and Houthakker (1971), I calculate permanent income as the sum of a family’s annual expenditures. In the case of the 1993 HEIDE data, the recorded expenditures were on food, housing, education, health, transportation, clothing, home consumption expenditure, and other miscellaneous goods and services. These data suggest an annual mean permanent income of $1,454, and a median income of $1,079. I study the possibility of nonlinearity in the relationship between charitable giving and income by considering permanent income squared.

Given the tax–deductibility of charitable gifts, understanding private charity also means we should look at income taxes. All employed residents of Russia are subject to the Personal Income Tax (PIT). The tax base includes income from employers, in–kind benefits, and the income from asset sales; minus standard deductions, pension payments, deductions for dependents, and charitable donations (Conseco, 2001). For the period covering the HEIDE data, Russia’s PIT rates are listed in Table 1.

Given the 1993 wages (net of contributions) recorded in the HEIDE data, 12 percent of households would be subject to the highest rate, 18 percent to the second–highest, and 34 percent to the lowest rate. However, legal tax deductions and illegal tax avoidance reduced most Russians’ actual PIT payments to zero in 1993. According to the HEIDE data, only 29.2 percent of Russian households paid any taxes at all. In the data I analyze below, the effective tax rates take account of non–compliance by setting the rate to zero for all those that reported paying zero PIT. Of those 29.2 percent who paid, 24 percent were in the highest bracket, 33 percent were in the middle bracket, and 43 per–

<table>
<thead>
<tr>
<th>Taxable annual income, net of deductions (in rubles)</th>
<th>Taxable annual income, net of deductions (in dollars)</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1m rubles</td>
<td>Less than $838</td>
<td>12</td>
</tr>
<tr>
<td>1m–2m rubles</td>
<td>$838–$1,675</td>
<td>20</td>
</tr>
<tr>
<td>Over 2m rubles</td>
<td>Over $1,675</td>
<td>30</td>
</tr>
</tbody>
</table>


5 The rest of the sample had no declared earned income, so they would be subject to no income taxes.
cent were in the lowest bracket. The average PIT paid in 1993 was 131,568 rubles, or just $110.

These data clearly suggest that tax avoidance was a major problem for the Russian government in the mid–1990s. And indeed, in 1996, only 70 percent of projected tax revenues were ever collected, costing the Russian Treasury about $100 billion (Franklin, 1997). I should note, however, that the 2001 tax reform (which featured a 13 percent flat tax) is projected to improve tax compliance (Bernstam and Rabushka, 2000).

MODELS AND DATA

To measure the effects of income and taxes on charitable giving, it is useful to look at the price and income elasticities of giving. The effective price of charitable giving, \( P = 1 - t \), depends on the marginal tax rate \( t \) and the deductibility of contributions. The price elasticity of giving is \( \left( \frac{\partial C}{\partial P} \right) \frac{P}{C} = -\left( \frac{\partial C}{\partial t} \right) \frac{t}{C} \), where \( C = \) charitable donations. This elasticity is responsible for the “treasury efficiency” of a regime of charitable deductions. Specifically, a finding that price elasticity is (in absolute terms) higher than unity indicates that a dollar’s tax deduction stimulates more than a dollar in charitable giving.\(^6\) The income elasticity of giving, \( \left( \frac{\partial C}{\partial Y} \right) \frac{Y}{C} \) (where \( Y = \) income) is straightforward, indicating the proclivity of donors to increase their giving proportional to their incomes. As Clotfelter and Steuerle (1981) note, this elasticity is probably not constant with respect to income.

In forming a set of testable hypotheses, a structural model of charitable giving for an individual \( i \) is

\[
C_i = \begin{cases} 
  f(Y, P, Z) & \text{if } U[C, Y_i - P, C, Z_i] > U[0, Y, Z] \\
  0 & \text{otherwise}
\end{cases}
\]

where \( C, Y, \) and \( P, \) are defined as above, \( Z \) is a vector of demographic controls, and \( U[\cdot] \) is \( i \)'s utility function. In words, if the decision is made to give in the first place, the amount of giving will be a function of income, price, and demographics.

A general form of the equation to estimate equation [1] is

\[
C_i = \beta_0 + \beta_1 P_i + \beta_2 Y_i + \beta_3 Y^2 + Z_4 + \epsilon_i
\]

where \( \epsilon_i \) is a random disturbance. The non–dummy variables are usually measured in natural logarithms to ascertain elasticities. The quadratic income term allows for non–constant income elasticity.\(^7\)

Estimation of equation [2] features two major econometric complications. The first regards the fact that the price of giving \( P \) is itself a function of contributions, to the extent that marginal tax rates are determined by income net of donations. Since price and contributions are simultaneously determined, an estimation that simply defines \( P \) as the last–rupee price of contributing (one minus the tax rate at the observed level of contributions) will produce an inconsistent estimate. Authors using American data have generally addressed this by implementing a two–stage approach, in which the first–dollar price of giving (one minus the marginal tax rate on gross income) is used as an instrument for the last–dollar price.

The second econometric issue regards model specification. Early studies used least squares procedures to estimate equation [2] (Clotfelter and Steuerle, 1981). However, the typically large number of zero donations (75 percent of the sample in these data on Russia) should lead to inconsistent estimates. This suggests the

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\(^6\) For a simple derivation of this result, see Clotfelter (1985). Treasury efficiency is just one case of “social welfare efficiency” (Roberts, 1987).

\(^7\) Income squared is measured as the square of the log.
use of limited dependent variable models in which zeros on the left–hand side can be accommodated (McClelland and Kokoski, 1994).8

This article addresses the endogeneity of the price variable and the censoring in the dependent variable by simultaneously estimating the last–ruble price (which takes account of tax evasion, as described earlier) and the level of contributions in a full–information maximum likelihood (FIML) tobit model (Greene, 1998). My instrument—the first–ruble price of giving—is calculated as one minus the tax rate that would apply to a household’s income in the absence of deductible contributions, and assuming full tax compliance. I compare the results of the tobit model with a two–stage least squares specification to illustrate the value–added of deriving consistent estimators. For both these specifications, CONTRIBUTIONS is recoded as the natural log of contributions plus 1. TRANSFERS is similarly censored (87 percent of the sample receives no government transfers), so it is recoded in the same way.

To estimate equation [2] I used data from the World Bank’s HEIDE database, which compiles household expenditure and income data from recent surveys for nine transition economies.9 The dataset for Russia is taken from Round IV of the Russian Longitudinal Monitoring Survey (RLMS), collected at the end of 1993. This survey is a collaborative effort between the University of North Carolina and the Russian State Statistical Bureau (Goskomstat) to collect a nationally–representative sample of the income and spending habits of Russian households, as well as demographic information on individuals.10 The RLMS is by far the largest of the nine HEIDE datasets, with a sample of 5,351 households and 14,715 individuals (Ackland, et. al., 1997). Unfortunately, no other comparable Russian dataset currently exists (besides other rounds of the RLMS itself) to verify and validate the descriptive statistics and regression results the RLMS yields. However, researchers have had enough faith in the RLMS to use it for a wide variety of study topics, from the Russian wage gender gap (Ogloblin, 1999), to poverty coping strategies (Lokshin, et. al., 2000), to estimates of the Russian savings rate (Gregory, et. al., 1999).

I used identifiers in the RLMS individual and household datasets to derive demographics on the heads of each household. Two hundred and thirty one observations could not be matched or were missing for one or more variables, lowering the household sample size to 5,120. The list of demographic characteristics included gender, age, education, family size, employment status, and residence in an urban area. All of these variables have been found to be useful in predicting charitable giving in past studies (Smith, 1994), and produce a somewhat more detailed model than that estimated in most U.S. studies. The variables I use, as well as their definitions and summary statistics, are listed in Table 2.

While I constructed the income variable as a permanent income measure as described earlier, I imputed the price variables from the marginal tax rates (in Table 1) applied to the money wages and in–kind compensation earned in 1993.

Is the regression coefficient on the price of giving likely to be a reliable measure of price elasticity? There are reasons to be skeptical. First, the HEIDE data on contributions capture all gifts, not just those to registered charities that count for de–

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8 These techniques make strong parametric assumptions, of course. If these are not legitimate, semiparametric methods are appropriate. However, with one exception (Bradley, et. al., 1999), such techniques have not been seen in the philanthropy literature.

9 This database is available in its entirety on the World Bank’s website: http://www.worldbank.org.

10 See: <http://www.cpc.unc.edu/projects/rlms/home.html>
Second, most Russians never even file a tax return—just one in 15 taxpayers in 1997 (Cohen, 1998). This means that for many, even legitimate charitable deductions are probably not taken. Part of the reason for low filing rates is that Russians are not required to file unless they earn income from more than one principal employer. Another part of the reason has to do with tax avoidance, however, which presents a third problem for estimating price elasticity. Over-reporting contributions will distort both the dependent variable and the appropriate marginal tax rate, while under-reporting income will have the latter effect as well.11

### TABLE 2
DESCRIPTIVE STATISTICS ON THE 1993 HEIDE DATA

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Mean</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHARITY(^1)</td>
<td>Total annual charitable donations by the household</td>
<td>58,042 rb</td>
<td>0</td>
<td>2,816,904 rb</td>
</tr>
<tr>
<td></td>
<td>(186,022)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCOME</td>
<td>Total annual household permanent income</td>
<td>1,735,896 rb</td>
<td>13,335 rb</td>
<td>13,960,560 rb</td>
</tr>
<tr>
<td></td>
<td>(1,540,824)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCOME SQUARED</td>
<td>Permanent income squared</td>
<td>5,387,020 rb</td>
<td>177,825,353 rb</td>
<td>194,896,037 rb</td>
</tr>
<tr>
<td></td>
<td>(238,560 rb, 10,826,990, 167,942)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAST RUBLE PRICE(^2)</td>
<td>The price of the last ruble contributed, defined as one minus the marginal tax rate on income net of contributions.</td>
<td>0.9445 (0.0946)</td>
<td>0.7</td>
<td>1</td>
</tr>
<tr>
<td>FIRST RUBLE PRICE(^3)</td>
<td>The price of the first ruble contributed, defined as one minus the marginal tax rate that would apply to taxable income plus contributions. This is used as an instrument for LAST RUBLE PRICE.</td>
<td>0.8865 (0.1017)</td>
<td>0.7</td>
<td>1</td>
</tr>
<tr>
<td>GENDER(^4)</td>
<td>Gender of head of household; male=1</td>
<td>0.71</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>EMPLOYED(^4)</td>
<td>Head of household is currently employed</td>
<td>0.65</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>UNIVERSITY(^4)</td>
<td>Head of household attended university</td>
<td>0.16</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>URBAN(^4)</td>
<td>Household resides in an urban area</td>
<td>0.72</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>AGE</td>
<td>Age of head of household</td>
<td>48.40 (15.75)</td>
<td>6</td>
<td>93</td>
</tr>
<tr>
<td>HOUSEHOLD SIZE</td>
<td>Size of household</td>
<td>2.75 (1.39)</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>TRANSFER PAYMENTS(^5)</td>
<td>Total annual transfer payments from government received by household</td>
<td>296,282 rb</td>
<td>0</td>
<td>3,041,040 rb</td>
</tr>
<tr>
<td></td>
<td>(355,998)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Standard deviations in parentheses. $1 = 1,194 rb (November 1993 exchange rate).
\(^1\)The total amount of charitable contributions in the sample was 309,828,909 rb.
\(^2\)This indicates that the mean marginal tax rate was 5.6 percent of income, net of contributions. This tax rate leads to imputed tax revenues of 243,519,553 rb, while actual PIT payments came to 205,118,659 rb. Tax evasion is accounted for in this variable by setting the effective last ruble price to 1 for all households reporting zero PIT payments, irrespective of income levels.
\(^3\)This price does not account for actual tax avoidance, so (in contrast to LAST RUBLE PRICE) it is theoretical.
\(^4\)Dummy variable.
\(^5\)These transfers included public pensions, family benefits, social assistance, unemployment benefits, and other social transfers and stipends. They did not include non–cash support in housing and utilities.

11 Russian households are estimated to underreport their income by an average of 40 percent (Shama, 1996).
employed for very modest purposes. For example, while useful for affirming the Law of Demand for charitable giving or for comparison of sign and significance with American estimates, the marginal effects contained in the coefficients should not be pushed to yield predictive power.

RESULTS AND DISCUSSION

The regression results are summarized in Table 3. I calculate the marginal effects for each of the tobit coefficients at the variable means. The instrumental regression is:

\[ \text{LAST RUBLE PRICE} = -0.1597 + 0.578007(\text{FIRST RUBLE PRICE})^{*} + 0.0328(\text{INCOME})^{*} - 0.0018(\text{INCOME SQUARED})^{*} - 0.0008(\text{GENDER})^{*} - 0.0013(\text{EMPLOYED})^{*} + 0.0037(\text{UNIVERSITY})^{*} + 0.0009(\text{URBAN})^{*} + 0.0071(\text{AGE})^{*} + 0.0176(\text{HOUSEHOLD SIZE})^{*} - 0.0019(\text{TRANSFER PAYMENTS})^{*}, \]

where the asterisk denotes significance at the .05 level or above.

The models in Table 3 produce estimates that are remarkably similar. For most of the coefficients, the difference between the marginal effects from the tobit model are not significantly different from the two-stage least squares coefficients.

Some of the results in Table 3 are consistent with U.S. estimates, while others are not. Of special note is the value of the income and price elasticities: The linear income term is elastic at 2.78, while price is highly elastic, at –6.68. In contrast, in his meta-analysis of these elasticities for the U.S., Steinberg (1990) found that the average income elasticity was about 0.65, while the average price elasticity was about –1.2. However, these U.S. estimates are probably somewhat understated. First, most use current income as opposed to permanent income measures. The few that use permanent income as I do here (e.g., McClelland and Kokoski, 1994) or—even better—measure the elasticities over a panel (e.g., Randolph, 1995) generally find higher income and price elasticities.\(^\text{12}\) Second, Slemrod (1989) shows that over-reporting of gifts for tax purposes probably depresses measured price elasticities somewhat.\(^\text{13}\)

The nonlinear income term changes the picture considerably. The fact that it is significant and negative indicates an inverse relationship between income and income elasticity. Specifically,

\[ \frac{\partial \ln C}{\partial \ln Y} = 2.78 - 0.20 \ln Y. \]

Figure 1 illustrates this relationship, where income elasticity is matched with different income deciles.

At the tenth percentile ($265 per year), elasticity is 0.66; at the median ($1,079), elasticity is 0.37; at the ninetieth percentile ($3,169), elasticity is 0.14. In other words, among the vast majority of Russians, giving is income inelastic, with values similar in range to those seen in the U.S. As in the West, this inelasticity is likely to have a counter-cyclical effect on the third sector, as periods of unusually low or high income growth are dampened in the finances of nonprofit organizations.

Given the problems discussed earlier in measuring the price elasticity, it would be inappropriate to make much of the fact that Russian giving appears significantly more price elastic than in the U.S.—this may simply be an artifact of the problems measuring deductible contributions or

\(^{12}\) One exception to this is Barrett, et. al. (1997), which used panel data and found lower income elasticities than those in most cross-sectional estimates.

\(^{13}\) Another difference between the results here and those using American data concerns the amount of variation explained by the model. Typically, estimates using American cross-sectional data explain between 30–50 percent of the variance in giving, or about ten times more than in the Russian data.
income, or that certain parts of the population (which vary systematically in their giving) are more likely than others to file tax returns. Nonetheless, it seems fair to say that, as in the U.S., tax rates in Russia have an impact on giving, and in the expected direction.

Some of the demographics are consistent with American studies, while others are not. The significant, positive effects of age and gender are similar to those typically seen in papers on U.S. giving (Auslander and Litwin, 1988; Curtis et. al., 1992). The tobit model suggests that for the average household head (who is 48.4 years old), a one–year increase in age corresponds to 3.2 percent higher giving. Russia sees different effects from education and household size than does the U.S. While education pushes up giving in the U.S. (McClelland and Kokoski, 1994), it is not apparently related to giving in Russia. And while family size seems to increase giving in the U.S. (Randolph, 1995) it appears to decrease it in Russia. Specifically, the addition of one family member to the average household is associated with a 32.4 percent drop in giving. In ad-

<table>
<thead>
<tr>
<th>Dependent variable: CONTRIBUTIONS</th>
<th>FIML Tobit coefficient</th>
<th>Tobit marginal effect</th>
<th>Two–stage least squares coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERCEPT</td>
<td>−103.03***</td>
<td>−25.58</td>
<td>−17.32***</td>
</tr>
<tr>
<td>(27.62)</td>
<td></td>
<td></td>
<td>(4.82)</td>
</tr>
<tr>
<td>INCOME²</td>
<td>11.20***</td>
<td>2.78</td>
<td>2.11**</td>
</tr>
<tr>
<td>(4.18)</td>
<td></td>
<td></td>
<td>(0.86)</td>
</tr>
<tr>
<td>INCOME SQUARED²</td>
<td>−0.42**</td>
<td>−0.10</td>
<td>−0.08**</td>
</tr>
<tr>
<td>(0.18)</td>
<td></td>
<td></td>
<td>(0.04)</td>
</tr>
<tr>
<td>LAST RUBLE PRICE²</td>
<td>−26.91***</td>
<td>−6.68</td>
<td>−7.12***</td>
</tr>
<tr>
<td>(6.81)</td>
<td></td>
<td></td>
<td>(1.17)</td>
</tr>
<tr>
<td>GENDER</td>
<td>1.16*</td>
<td>0.29</td>
<td>0.39***</td>
</tr>
<tr>
<td>(0.6)</td>
<td></td>
<td></td>
<td>(0.15)</td>
</tr>
<tr>
<td>EMPLOYED</td>
<td>1.46**</td>
<td>0.36</td>
<td>0.35**</td>
</tr>
<tr>
<td>(0.69)</td>
<td></td>
<td></td>
<td>(0.17)</td>
</tr>
<tr>
<td>UNIVERSITY</td>
<td>0.91</td>
<td>0.23</td>
<td>0.27*</td>
</tr>
<tr>
<td>(0.64)</td>
<td></td>
<td></td>
<td>(0.16)</td>
</tr>
<tr>
<td>URBAN</td>
<td>−1.94***</td>
<td>−0.48</td>
<td>−0.52***</td>
</tr>
<tr>
<td>(0.61)</td>
<td></td>
<td></td>
<td>(0.13)</td>
</tr>
<tr>
<td>AGE²</td>
<td>6.15***</td>
<td>1.53</td>
<td>1.53***</td>
</tr>
<tr>
<td>(1.34)</td>
<td></td>
<td></td>
<td>(0.21)</td>
</tr>
<tr>
<td>HOUSEHOLD SIZE³</td>
<td>−3.57***</td>
<td>−0.89</td>
<td>−0.84***</td>
</tr>
<tr>
<td>(0.9)</td>
<td></td>
<td></td>
<td>(0.15)</td>
</tr>
<tr>
<td>TRANSFER PAYMENTS¹</td>
<td>−0.0077</td>
<td>−0.0019</td>
<td>−0.01</td>
</tr>
<tr>
<td>(0.0574)</td>
<td></td>
<td></td>
<td>(0.01)</td>
</tr>
<tr>
<td>Adjusted R–squared</td>
<td></td>
<td></td>
<td>.03</td>
</tr>
</tbody>
</table>

Note: Standard errors are in parentheses.
*Significant at the .10 level.
**Significant at the .05 level.
***Significant at the .01 level.
¹This variable is measured as the natural logarithm plus 1.
²This variable is measured as the natural logarithm.
tion to these demographic effects, my estimates also show impacts from variables that are usually not included in American studies of philanthropy: Residence in an urban area pushes giving down, employment (as expected) increases giving, and government transfer payments do not have a discernible impact.

CONCLUSION AND FUTURE RESEARCH

Philanthropy has received considerable attention in the economics literature, with many papers written on the tax and income effects on charitable giving over the past 25 years. However, these papers almost all deal with the United States or other developed nations. Until now, applied econometric work on developing or transition economies had yet to appear. This paper has begun to begin to fill this gap, estimating the determinants of charitable giving in Russia in the post-Soviet era. My analysis indicates that giving for most Russians is income inelastic, while highly price elastic (although I argue that this latter estimate is probably unreliable). Several other significant predictors of giving include gender, employment status, residence in an urban area, age, and family size.

As the first empirical study of charitable giving in a transition economy, this paper provides evidence of interesting similarities between the largest transition economy and the largest industrialized economy, especially regarding the relationship between income and giving. However, data limitations raise some questions about possible bias and inconsistency in some of my coefficients, particularly on price. Future studies might address these limitations in the replication of my estimates. New work might also replicate these estimates using different rounds of the RLMS data, in order to see if Russian giving patterns are evolving as the Soviet era recedes.
Future studies might also investigate other non-Western countries. For example, charitable giving in Third World nations is an almost completely unstudied phenomenon. It would be difficult to even speculate on the elasticity estimates from these countries. Given the fact that international agencies are increasingly interested in non-governmental organizations (NGOs) in the developing world, empirically-informed intuition about income and tax effects on giving to these organizations could add significant value to the policymaking process.

Acknowledgements

For their helpful suggestions, I am grateful to Sally Wallace, Alexander Livshin, Rob McClelland, and Dave Sjoquist.

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Greene, William H.

Gregory, Paul R., Manouchehr Mokhtari, and Wolfram Schrettl.

Honkkila, Juha.

Lokshin, Michael, Kathleen Mullan Harris, and Barry M. Popkin.

Martínez–Vázquez, Jorge, and Sally Wallace.

McClelland, Robert, and Mary F. Kokoski.

Ogloblin, Constantin G.

Prais, S.J., and Hendrik S. Houthakker.

Randolph, William C.

Roberts, Russell D.

Schervish, Paul G., and John. J. Havens.

Schuster, J. Mark Davidson.

Shama, Avraham.

Slemrod, Joel.

Smith, David Horton.

Steinberg, Richard.

Steinberg, Richard.
