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

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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.

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

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