

had outrun Mazowiecki in the 1990 run for presidential election (although the Office of Research underestimated Tyminski's support). With a masterly expertness, Bell shows us the tensions among political coalitions and any results thereof. One has to notice, though, that the twenty-one postulates signed by the Solidarity and governmental authorities in 1980 were not only economic in nature. The book gives the reader a good insight into many indicators, such as age, religion, and educational attainment, across which, variations in Polish society appear.

The overall picture of changes that are at the moment going on in Poland is astoundingly accurate. The reader may treat the points that I have raised as missing in the book not as a criticism of this otherwise remarkable and interesting analysis but as additional matters worth considering in a future publication (such as the impact of the election of Karol Wojtyla to the papal see).

In any case, the author herself admits that she does not want to say that "Polish voting behavior is completely determined by socioeconomic status"; rather, she wishes "to investigate the extent to which it is" (17). Indeed, people in a post-totalitarian country test governmental efficiency mainly from the economic point of view. If we bear in mind the economically biased starting point that the author has taken, we can only congratulate her on her ability to command all statistical data and how she managed to combine them with such a thorough sociological analysis. Hence, the reader receives an almost complete picture of transformational processes in a post-Communist country.

—Jan Klos

Catholic University of Lublin, Poland

The Price of Virtue: The Economic Value of the Charitable Sector

**Vivien Foster, Susana Mourato, David Pearce, and
Ece Özdemiroglu**

Cheltenham, United Kingdom: Edward Elgar, 2001 (226 pages)

Like other sectors in the economy, the charitable sector uses scarce economic resources to produce an array of outputs that provide services to members of society. However, the charitable sector possesses characteristics that make it difficult to measure the economic importance of the sector: Many institutions in the sector use volunteers who provide valuable services but are unpaid; the consumers of the services provided often do not pay for the services or pay a price that does not reflect the value of the services to the recipient or the costs of producing the services; and the sector relies heavily on third parties to finance production of the services. The authors of this book attempt the formidable task of measuring the economic value of the services provided by the voluntary sector in the United Kingdom.

The heart of the book is the first five chapters in which the authors describe both the methodology they used to measure the economic value of the charitable sector and

the measures of value they calculated by using their methodology. In the first chapter, the authors consider some of the benefits to society provided by the charitable sector. There are the benefits received by the recipients of the services of the charity and also the benefits received by others in society. These include the “altruistic benefits” that people may derive from knowing that the target group is receiving help. There are also external benefits (health care provided to the poor has positive benefits for others), option benefits (maybe I or someone in my family will need the services some day), “warm-glow” benefits (I feel good when I have given to a charity), and, for those who volunteer to work for the charity, there may be skills obtained, contacts made, or work experience. Clearly, some of these benefits are somewhat esoteric, and the authors do not try to measure each one but do refer to them often.

The following four chapters attempt to measure the benefits of the charitable sector to the general public, the benefits to the users of the services provided by the charitable sector, the benefits to the volunteers, and then the aggregate benefits of the sector. They also discuss costs of the sector, and conclude that the annual net benefit of the charitable sector in the United Kingdom is 4.84 billion to 6.89 billion pounds.

A common criterion to use to determine the value of a service is the person’s willingness to pay (WTP), but, for services to the poor, because they are poor, WTP is not feasible. To the extent there are fees that the target group has to pay, the fees provide a partial measure of the benefits of the service. The authors use survey techniques that have been used by environmental and health economists to estimate willingness to pay for a service that does not have a market price. This process can be illustrated by the second chapter, in which the authors measure the benefits to the general public of the existence of charities for the homeless and for help to the poor for housing. The authors conducted a survey in which they established a hypothetical scenario—due to an emergency, all charities in the country dealing with housing and homelessness would have to shut down for at least one year. The government is considering giving grants to the charities to keep them going, but this would entail extra taxes. Respondents were then asked how much they would be willing to pay in extra taxes to fund the grants. They also collected some socioeconomic data from the respondents and asked questions about their attitudes toward charities and how much they contribute to charities. The median annual figures were in the range of twenty to thirty pounds.

The authors also surveyed people who lived in precarious, insecure, or short-term accommodations and discussed the survey and results in the next chapter. Like the survey for the public, this survey created a hypothetical scenario in which the person would not be able to live in the type of accommodations that he or she currently utilized. They were then asked to give a pound amount for how much additional assistance from the State they would have to receive to be equally well-off. The authors call this the willingness-to-accept-compensation approach. Since the types of accommodations varied in terms of services provided (some provided meals, others provided counseling services, and so on), they made calculations for each type. Median figures ranged between 107.5 to 231 pounds, with the larger figures for those accommodations that

provided more services. The authors also attempt to measure the benefits and costs of volunteering. Finally, they take all the direct and indirect benefits and measure the net benefits of the charitable sector in the United Kingdom.

The latter half of the book examines ways by which funds are raised or could be raised better by charities. Given the differences between the British tax system and the U.S. tax system regarding charitable giving, the estimates derived for Britain may not be comparable to those for the United States. Ultimately, the authors argue that additional grants from the government to charities would be appropriate to overcome the free-rider problem.

This is a valuable book, but one that is not easy reading. It is often technical, and someone who is not well-versed in statistics is likely to find the book overwhelming. The book draws from the lead author's doctoral dissertation, and many sections of the book read accordingly.

As an economist, I am leery of relying too much on surveys that elicit information about how much money people are willing to pay for something when it is strictly hypothetical. There have been numerous situations in which people have not acted when faced with an actual situation as they said they would when faced with a hypothetical situation. Consequently, I think that one must take their estimates of net social value as rough estimates at best. The authors are careful not to claim too much for their estimates, but there is a tendency to see numbers in print and give them more credence than they deserve.

The policy prescription of more grants from the state to charitable organizations is not explored adequately. For one thing, if larger grants were forthcoming, would voluntary contributions decline, requiring even more grants from the State? Would grants from the government lead to controls from the government that some religious charitable organizations would find intrusive? These issues are not explored at all in the book.

I recommend this book to those who are interested in the importance of the charitable sector, but primarily for those with some statistical training. In my view, the first five chapters are the most important. While I am not convinced that the approaches used in the surveys are adequate, they certainly provide a provocative approach. Anyone who wants to examine the economic impact of the charitable sector needs to be aware of the analytical and empirical tools used in the research presented in this book.

—John Lunn

Hope College, Holland, Michigan