

From: [REDACTED] <[REDACTED]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: More from Jason
Date: Wed, 27 Aug 2014 21:54:36 +0000

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From: Jason Nemirow <[REDACTED]>
Date: Wed, Aug 27, 2014 at 5:26 PM
Subject: Re: Nice Meeting You
To: [REDACTED] <[REDACTED]>

Additional details of the model (if Jeff is curious):

"Sure, but I already knew that."

Any cynic could tell you that people donate to make themselves look good. Many cynics also realize people donate ineffectively. But why doesn't giving effectively make donors look even better? Why isn't this already the norm?

Recall that there is always uncertainty over donors' underlying motivation for engaging in an altruistic act. Thus, each time we observe a seemingly altruistic act, we ask ourselves: was the donor motivated by self-interest or does the donor really care?

Further, we assume there are always two signals observers could use to condition the esteem they grant donors on observing their benevolence:

1. Magnitude of donation (cost paid by donor).
2. Magnitude of benefit delivered to the recipient.

If the magnitude of the donation is often observable, while the magnitude of the benefit delivered is often difficult to observe, then most observers will likely condition their esteem on the magnitude of the donation—completely ignoring whether recipients are actually benefitted, and if so, by how much.

Conclusion: Institutional interventions should focus on shifting this equilibrium, such that the magnitude of benefits delivered to needy recipients tracks the esteem donors receive. Given the sensitive nature of the underlying cooperative signal being sent, this obviously requires very careful consideration—one whiff that self-interest is driving preferential giving to effective charities and all is lost.

Jason Nemirow
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