Understanding Philanthropy

Its Meaning and Mission

Robert L. Payton and Michael P. Moody

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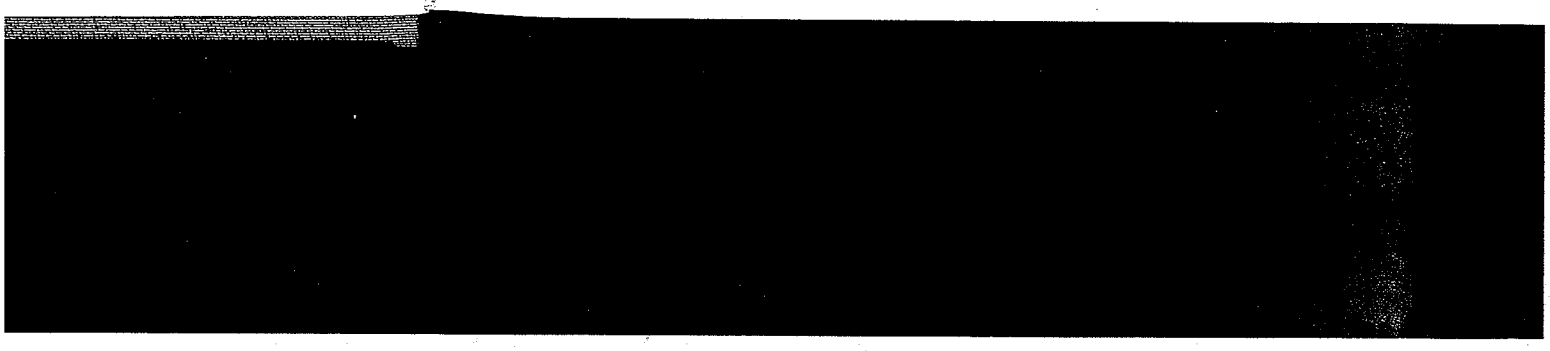

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Introduction: Why This Book?

Oseola McCarty worked for most of her life as a paid-by-the-bundle washerwoman, and yet she managed to build up substantial savings through frugal living—she never owned a car—and slow, steady accumulation. She saved enough so that in 1995, when she was eighty-seven, Ms. McCarty was able to make a gift of $150,000 to the University of Southern Mississippi for an endowment that would provide scholarships for needy African American students.

Although her gift made her famous, Ms. McCarty could hardly have expected the attention she received. On the first anniversary of the gift, she was the subject of a feature story on the front page of the *New York Times*.[1] Her gift was seen as an extraordinary act of generosity, both because she denied herself in order to save the money and because she was giving an opportunity to others that she had been denied herself. The *Times* reported that famous people had come to kneel at her feet, to sing to her, to praise her as a saint. President Clinton awarded her the Presidential Citizens Medal, and Harvard gave her an honorary doctorate.

The story of Oseola McCarty's generosity raises key questions about philanthropy: Why did she make such a gift? Why did she decide that philanthropy was the ultimate purpose of her hard-earned savings? How was she connected to the young people she would help? Why do we celebrate and admire her so much more because she gave the money away in this manner, rather than simply because she saved it or worked hard to earn it?

Oseola McCarty's story is about her, about her gift, about the young people who will benefit, about the people who admire her, about their praise for her, and about the media's celebration of her story. Most significantly, though, it is about American philanthropy and American values. In fact, every once in a while we hear similar stories of otherwise "ordinary" people making surprising, extraordinary donations to the causes they care about. Since 1981, Albert Lexie has been shining shoes at the Children's Hospital of Pittsburgh a couple days a week. But he has never kept a cent of the tips he earns. Instead, he donates those tips to the hospital's Free Care Fund—more than $100,000 from a man who earns about $10,000 annually.[2] Do such things happen in other countries? Is there something unique about American philanthropy? What has America done to the philanthropic tradition that it inherited from other places, other times, other cultures?

Another example, from the other side of the world: The terrible civil war that destroyed the former Yugoslavia in the 1990s, and the genocidal "ethnic cleansing" that killed tens of thousands and displaced millions, brought the suffering of displaced persons to the world's attention. Some of the more fortunate were able to flee the war and go abroad to find refuge with relatives or friends. The great majority—hundreds of thousands of them—had no such choice. During the worst part of the fighting they often huddled in basements, fearful for their lives if they went out to seek help or to find water to drink or wood to burn for heat. For years, despite the efforts of relief agencies, many people in Bosnia, Kosovo, and elsewhere lived without transport, without a place to sleep or enough food to eat, without medicine or blankets or adequate clothes. The journal of one of those victims, *Zlata's Diary*, is a latter-day *Diary of Anne Frank*.[3]

The story of the former Yugoslavia—and similar stories of the human consequences of civil war, from Rwanda to Guatemala to Israel to the Sudan—also raises some fundamental questions about philanthropy. The first question is one that will recur throughout this book: What business is it of ours? How do we justify intervening philanthropically in another's country affairs to provide philanthropic assistance?

Aid organizations and even individual philanthropists like George Soros found humanitarian grounds for making the plight of these refugees *their* business, which was enough justification for their philanthropic response. But others who intervened did so for political or economic reasons. Once we intervene for any reason, we face further questions: Are food and blankets and medicine enough? Should philanthropy help families like Zlata's

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not only find a new home but also make a living? When should we scale back our charitable relief and encourage the new nations to build their own philanthropic institutions so they can "help themselves" and maintain free, open, and democratic societies? And when should we divert our resources to help new refugees in other parts of the globe?

Soros's actions in the Yugoslavian region during and after the war demonstrate one set of responses to these questions. He established one of his "Open Society Funds" there—like he did during the 1990s in most of the emerging democracies in the region—and hired local people to help decide how the money would be used. Grants were initially focused on basic relief and on restoring core infrastructure for necessities like water and electricity. This was a particularly dangerous sort of philanthropic venture in wartime, but this was what the people in places like Sarajevo needed, as they faced daily threats like snipers targeting people at the few places where they could fill their jugs with water. Over the years, the Fund's grantmaking shifted to other priorities such as establishing cultural and educational institutions. These new priorities would be classified more as "development" than "relief," but they are essential for the long-term stability and self-sufficiency of this new society.

These examples of what happens in the name of philanthropy raise questions about the definition of philanthropy, but they also make more concrete the meaning of abstractions associated with that concept—abstractions such as charity, good works, compassion, and community. Ultimately, they lead us to think about the most fundamental questions of the human condition: What should we do when things go wrong in the world? What responsibility do we have for helping others or helping to make the world better? How does philanthropy or "good works" relate to the good life and the good society? These are some of the questions we will reflect on throughout this book. We hope both the questions and our discussion stimulate readers to develop their own answers, for there could hardly be more important questions.

This first chapter will introduce broadly what is to come in the rest of the book, but its main purpose is to explain why this book—and this *sort* of book—is necessary and valuable. We take the position here that philanthropy is an interesting and important subject that deserves to be better understood and to be taken seriously, and in this chapter we introduce how we will do that by focusing on fundamental questions about philanthropy's meaning and mission. We also review some of the details, facts, and figures of what is going on in this field.

Understanding the Meaning and Mission of Philanthropy

What and Why, Not How To

Our approach to improving the understanding of philanthropy in this book will be somewhat different than most other work in this emerging field of philanthropic studies. Simply put, we will be more concerned with the fundamental "Why" than with the "How" questions. And to get at "Why"—such as "Why does philanthropy exist?"—we need to address a range of related, also fundamental "What" questions—such as "What is distinctive about philanthropic action?" and "What, in essence, is this activity we call philanthropy?"

In this way, our intention is to engage the reader in a joint search for the meaning and mission of philanthropy. We get at meaning by asking, "What is philanthropy?" We get at mission by asking, "Why does philanthropy exist?" We should note that this way of thinking about mission is borrowed from the late Henry Rosso, founder of The Fund Raising School, who argued that the "mission" of any organization seeking to raise funds is not that organization's answer to the question "What do we do?" but rather their answer to the question "Why do we exist?" In this book, we ask that latter question about philanthropy itself.

Doing philanthropy involves acts as diverse as consoling or cavorting with a child who has cancer, taking tickets at an art exhibit, writing a check for a relief agency, investing in the endowment of a private liberal arts college, and raising the funds that make the endowment possible. There are skills involved, sometimes highly specialized and demanding technical skills. But there are also motivations involved, values, a purpose, and an implied justification for voluntary action as the mode of action. We know a lot more about the skills than we do about the motivations or the justifications. We understand finance and management technique better than we understand values or purposes. We understand how to claim a tax deduction better than we understand why we can claim it.

Philanthropy is about ideas and values as well as about action, about doing things. Philanthropy is always an effort to blend the ideal and the practical. If you lose a grip on either perspective, you will have put on blinders.

The most common failing in attempting good works is to be too busy to reflect on things like ideas and values, too busy to talk or read. The surface is often misleading; we have to scrape away the layers of our own experience that prevent us from understanding why we did what we did. The most common fault among most of those who are professionally engaged

in philanthropy is that they are preoccupied with the "How" and neglectful, even ignorant of the "Why." They are not "reflective practitioners" in the way Donald Schön argues they should be.[4] Philanthropy, when taken seriously, calls for emotion constrained by reason, action guided by thought.

Much of the scholarly work in the field of philanthropic studies suffers from a similar failing. The dominant focus is on the study of and training for "nonprofit management," which, while serving an essential purpose of teaching the important skills, tends to gloss over the more fundamental questions we want to address here. Management studies rarely attempt to think critically about the assumptions underlying their organizations and practices. This is as true in business schools as in programs teaching nonprofit management. As a consequence, most students of business and nonprofits are rarely prepared to deal with foundational critiques of their practices when they arise.

Similarly, much of the scholarship on philanthropy and the nonprofit sector is more focused on questions of how this activity or sector works or how it works best.[5] And while some scholars have offered explanations for why this phenomenon exists—e.g., because of the "failure" of other sectors—and what is different about it, the theory of philanthropy we set out in this book is distinctive in both its terminology and its perspective.[6] We believe it adds some ways of understanding philanthropy that have been missing from standard explanations. Overall, then, this book tries to facilitate more reflective practice and more informed scholarship by asking somewhat different questions and shining a somewhat different light on the subject.

What Is Philanthropy? An Initial Summary

A book by two contemporary French intellectuals, one a philosopher and the other a psychoanalyst, has the straightforward title *What Is Philosophy?* Their answer—"philosophy is the art of forming, inventing, and fabricating concepts"—is deceptively straightforward as well, especially given the obvious complexity of their subject matter. They prefaced their answer to their question with the following declaration: "We had never stopped asking this question previously, and we already had the answer, which has not changed."[7]

In writing this book, and in our experiences thinking about and doing philanthropy in some professional capacity—over the course of about fifty years for one of us, a mere twenty years for the other—we have never stopped asking, "What is philanthropy?" Our simple answer, too, has not

changed. It is the same answer proposed by the senior one of us many years ago in a previous book: philanthropy is "*voluntary action for the public good.*"[8]

The authors of *What Is Philosophy?* also provide a useful insight into the form of a second question, "What is a concept?" They begin by asserting, "There are no simple concepts. Every concept has components and is defined by them." A concept, therefore, is a "multiplicity."[9]

The concept of philanthropy is a multiplicity. As we explain in the next chapter, our definition itself encompasses many things. Of course it includes *voluntary giving*, when we give our money, either in cash or in property, often on the spot but more often by check—or even by deferred bequests, so-called planned giving, that will come out of our estates one day. But our definition also includes *voluntary service*, when we give our time and sometimes our talent; and our definition includes *voluntary association*, the organized activity without which most voluntary giving and service would be ineffective or even impossible.

Philanthropy is a multiplicity in other ways as well. While our definition of philanthropy is one answer to the question "What is philanthropy?" we will explore many other dimensions of the answer to that question. Philanthropy is moral action in response to the "human problematic." Philanthropy over time represents the "social history of the moral imagination." Philanthropy is essential to a free, open, democratic, civil society. And philanthropy is a tradition in jeopardy, one that needs our stewardship to thrive in the future as it has in the past.

Our conception of philanthropy is an affirmative one; we do not define the field primarily by what it is not, as the term *nonprofit* does (although we do use that term often to refer to the sector or organizations in it). "Good works" is another affirmative way to define our subject matter. The philanthropic tradition includes individual "random acts of kindness," as the bumper stickers and t-shirts proclaim, as well as the more visible, organized, and systematic efforts that must necessarily get most of our attention in this book. Some philanthropic good works seek to reduce suffering and misery, and some seek to improve the quality of life. Philanthropy is diverse and widespread, but we try to capture it in a useful conceptual framework in this book.

The Need to Clarify Philanthropy's Mission

Addressing the "What" questions throughout this book will then help us address the even tougher "Why" questions. But it is essential that we try to

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deal with those "Why" issues, because foundational questions about the very purpose and essence of philanthropy are arising more frequently and urgently than ever before, especially in the United States. These are arising at the same time that the field is experiencing considerable growth.[10] Both scholars and practitioners are being forced to think harder about the basis for the legitimacy of philanthropy, and to justify the existence of this field they need to present a more sophisticated explanation of the unique contributions philanthropy makes or should make.

We've all seen the media coverage of ethical scandals at the United Way—the most visible, local face of philanthropic giving for millions of Americans—and of the misuse of nonprofit organizations as money launderers and shills by people like the disgraced lobbyist Jack Abramoff. Reports have also questioned the ethical conduct and decisions of the Red Cross and other charitable organizations in the wake of both the 9/11 attacks and Hurricane Katrina—for example, decisions about how much of the millions of donated dollars should go directly to victims. Although these stories and others—such as those about the pay packages of some nonprofit CEOs—are not representative of the vast majority of philanthropic activity, they do force us to confront some tough questions, like what really is different about this sector and why we should hold those who work in philanthropic organizations to a higher standard.

At the same time, philanthropy is in the midst of a growth spurt, both in the United States and around the globe. In the United States, the number of nonprofit organizations continues to increase, and there has been a surge in the number of private foundations. Giving by the wealthy has garnered particular attention lately, as a new crop of millionaires like those flush with "dot com" fortunes turn their attention to being strategic about donating their money, and as Bill Gates and Warren Buffett, the two wealthiest men in the world, have now combined resources to create the largest philanthropic foundation in the history of the world.[11] At the same time, scholars are forecasting a massive intergenerational transfer of wealth in the coming decades—$41 trillion is one estimate—that could usher in a "golden age of philanthropy."[12] This growth and top-end concentration of philanthropy—alongside the scandals, of course—has also led to heightened scrutiny of philanthropic institutions by policymakers and regulators at the highest levels. Surely this discussion over how to regulate philanthropy deserves a better understanding of the core rationale behind the activity, as well as a better understanding of the justifications—in principle, at least—for special considerations like tax exemption.

Another development raising fundamental questions about philanthropy is the increased blurring of the boundaries between the nonprofit and other sectors, as philanthropic institutions have developed new (and highly visible) methods for raising funds through profit-making enterprises.[13] Among these are so-called social enterprises that have taken the ideas pioneered by Goodwill Industries and other revenue-generating philanthropic agencies to the next level. For example, Rubicon Bakery in the San Francisco Bay Area employs and trains individuals with various disadvantages—from homelessness to addiction to mental disability—in good jobs making high-quality desserts, and then funnels all profits into related programs of a community agency that also operates under the Rubicon umbrella. These new social enterprises—which are also increasingly popular in Great Britain and other countries—are nonprofits that make a profit, but their profit-making enterprises meet the organizations' philanthropic goals in two ways: by providing funding for programs serving those in need, and by providing jobs and job training for them as well. Social enterprises are one of an array of recent innovations that blur sectoral boundaries by borrowing and adapting business methods, logics, and concepts for nonprofit purposes. Some of the most creative and committed leaders in the philanthropic world now prefer to call themselves "social entrepreneurs," and social entrepreneurship has become a popular way of describing a variety of new approaches to social change.[14] Social enterprises and social entrepreneurs are the preferred targets for funding from a new class of grantmakers called "venture philanthropists." Venture philanthropists approach their giving with the same mindset and language as venture capitalists making a business investment.[15] Philanthropic entrepreneurs of this sort, while sometimes very effective, force us to reconsider the boundary between what is "nonprofit" philanthropy and what isn't, or how we can view philanthropy as a concept that can encompass its many diverse expressions. These are questions that most people in this field are conceptually unprepared to answer in any depth.

Finally, more broadly, overwhelming recent disasters such as the attacks of 9/11, the Indian Ocean tsunami, or Hurricane Katrina have captured global attention and challenged the global human community with meeting massive humanitarian needs. The astonishing philanthropic outpouring—in money, time, and organization—in response to these disasters has reminded millions of people around the world that they too can play a philanthropic role in the world. But these disasters have also left us struggling for a way to think about the proper role of groups like the Red Cross or Doctors Without Borders versus the proper role of governments. When

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government is clearly overwhelmed or even harshly criticized for failing to provide adequate relief, should the Salvation Army be held equally accountable for adequately meeting needs? Nonprofit groups cannot be the sole or even the primary source of relief in such cases, but what can or should their role be? What can they contribute that government and business cannot? And should they be allowed to make choices about whom they help and whom they don't help? These sorts of questions confront us even more in times when we consider the role of the growing cadre of NGOs (Non-Governmental Organizations) in both relief and development efforts around the globe.[16]

Lester Salamon is right to argue that the nonprofit sector has been "resilient" in the face of these and other challenges and questions, but surviving in the short term is not the same as thriving in the long term. For philanthropy to survive and thrive, it needs a better understanding of its distinctive meaning and mission. If we want to help the sector respond to what Salamon labels the "distinctiveness imperative," we should discuss and clarify a renewed vision of philanthropy's rationale and role, one that can be used to answer questions about the legitimacy of this activity.[17] The need for this has never been greater.

In exploring the meaning and distinctive mission of philanthropy in a way that responds to these current challenges, we must be sure to consider philanthropy "warts and all," as the old saying goes. We must confront honestly and fairly the bad as well as the good, the failures as well as the successes, the betrayals as well as the great moral victories. This book will attempt to make philanthropy more real and more relevant by writing about virtue and vice among philanthropic practitioners, the underside of philanthropy, the pathologies of voluntary association as faction, and other variations on error, failure, and weakness of will, personal as well as organizational.

Taking Philanthropy Seriously

The current challenges forcing a clarification of the mission of philanthropy have revealed just how deficient our general understanding of philanthropy is. It is about time we took the subject of philanthropy more seriously and stopped taking it for granted. It is an ancient tradition, but a tradition in some jeopardy.

Everyone should know something about the tradition of voluntary action for the public good. We should know about how philanthropy works in some general way that is comparable to our understanding of how gov-

ernment works and how the marketplace works. That is the core reason for writing this book.

Philanthropy, in the broad sense in which we define it, permeates our lives, whether we are conscious of it or not. There are few things that affect as many aspects of our lives as philanthropy, and yet there are few that are less understood. Philanthropy is as important in our lives as are law and medicine, subjects about which we know much more than we know about philanthropy. Philanthropy is an essential tool in our collective attempts to solve public problems, yet there is too little—or only ill-informed—consideration of philanthropy in our public conversation. Unlike business, philanthropy does not have its own regular section in the daily newspaper; unlike politics, philanthropy rarely makes the front page. Yet in the United States alone there are millions of volunteers at work as you read this. Thousands of checks totaling millions of dollars are in the mail today to thousands of philanthropic organizations and institutions, some better known to you than rock groups, college football teams, or breakfast cereals.

To "take something seriously" means to *think about it.* To think about philanthropy means to reflect on it, critically and inquisitively, with an open mind, open to both its limits and its possibilities, its achievements and its disappointments. We try to do that in this book.

To "take something seriously" also means to *take it personally.* Everyone who reads this book, for whatever purpose, brings both knowledge and experience of philanthropy to the reading. Regardless of where we live, most of us have been participants in some form of voluntary action for the public good, either through voluntary giving, voluntary service, or membership in a voluntary organization. But this does not mean we understand that activity very well. For instance, many Americans will say with some pride that "Americans are generous people" or that "giving back" is something we should all do. But the odds are that most of these proud Americans have no handy way to think about the philanthropic sector or familiar words to use when they talk about it. They probably aren't sure they should count as "philanthropy" the time they volunteer for Little League baseball coaching or in their role as secretary of their alumnae club. They are likely to have some idea of what is deductible from their taxes, but they may not know what "501(c)(3)" stands for or whether there is a limit to how much they can deduct for charitable contributions in a given tax year.

Despite its prevalence in the culture, few Americans have thought very carefully about philanthropy—what it is, how it works, its motivations, its

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results, what part it plays in our society and in the world, the arguments for and against it. Because philanthropy is commonplace, most people have opinions about it in this broad sense, but these opinions are often uninformed. For example, many Americans think that most philanthropic giving comes from large foundations like the Ford Foundation and from large corporations like Microsoft. In fact, a whopping 83 percent of all dollars given philanthropically in the United States are given by individuals, not by corporations or foundations.[18] Similarly, many people assume that most if not all of the funds received and distributed by nonprofit organizations in the United States come from philanthropic contributions. In fact, only a small percentage of the revenues of the nonprofit sector—only one dollar out of every eight received, by one measurement—comes from private giving. As a whole, American nonprofit groups receive less from private giving than from government, and their largest source of revenue by far is neither private giving nor government grants but fees for the services and goods they sell.[19]

Americans also do not have a widely shared understanding of why we do so much of our public work through philanthropy. Political and policy debates that reference philanthropy often reveal an alarming ignorance about the tradition and the sector. Relying on "charities" to deal with public problems becomes an election-year rhetorical prop or a way to shift responsibility; philanthropy is often spoken of as if it were infinitely expandable in scale and conveniently malleable in scope. The media has a hard time explaining the reason for tax exemption or the crucial differences in types of tax-exempt organizations.

Our opinions about philanthropy are uninformed largely because philanthropy is something we have learned about only informally and often haphazardly, from family, church, and tradition. We have not studied it the way we have studied our economic life, our political life, or even our spiritual life. We give less attention to it than we do to golf and tennis, movies and television, clothes and cosmetics, diet and exercise.

Unlike the two other great sectors of public life, business and politics (or the other great sector of private life, the family), philanthropy has only recently become an educational subject. Very few people have learned about philanthropy in formal schooling. Scholars have only recently been studying it systematically. It is unlikely that even the readers of this book have ever taken a course in philanthropy at any level. Philanthropy has been learned by experience, by a precept or maxim taught by one's parents, by imitation or example. Our knowledge of philanthropy is tacit, experiential, tentative.

Finally, an important caveat as we begin this book: when we say philanthropy permeates "our lives" and that "everyone" should understand it better, we mean to include people around the globe, in different cultures and nations, each with their own distinctive philanthropic tradition. In this book, many of our examples come from the United States, and even some aspects of our theoretical perspective are surely influenced by the American philanthropic context that we know best; we are cultural beings like everyone else. But ultimately we believe the understanding of philanthropy we present here will allow people immersed in other traditions and people practicing philanthropy in other societies—especially in other democratic nations—to take philanthropy seriously in their own neck of the global woods. The activities that we call philanthropy look somewhat different in different societies: the relative size of this sector and its relationship with government and government funding vary, the cultural traditions of giving and service vary, the types of institutional structures and labels vary, and so on.[20] This book reflects our attempts to conceptualize how humans everywhere engage the world, why they turn to philanthropy as a response to what they see in the world, and what is distinctive about this response. We hope this book stimulates similar reflections (and perhaps refinements) on the part of each reader. We hope it helps you better understand philanthropy's place in the world, in your specific world, and in your own worldview. However, we should also not forget that philanthropy is increasingly *crossing* global boundaries. *Time* magazine reminded us of that by naming three international philanthropists the "Persons of the Year" for 2005: Bill Gates, Melinda Gates, and the rock star Bono.[21]

Philanthropy Is Important and Interesting

Philanthropy deserves greater attention because it is more important and interesting than most people realize. Anything involving as many as half of all adult Americans, on a regular basis, voluntarily giving away their time and money would seem to be important. Anything that is at the center of current public debates about social welfare (e.g., what role should faith-based charities play in feeding the hungry?), human rights, the environment, and a hundred other issues, including our personal character and virtue and sense of social responsibility, would seem to be important. Philanthropy is a mode of action that shapes our individual lives and the world around us in extensive ways. And philanthropy is important because we often measure others, and sometimes we measure ourselves, by the way we help others in need, by the way we help our neighborhoods and communities, by the money and time we donate to causes we believe in.

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A final reason why philanthropy is important is perhaps the most dramatic and compelling: philanthropy is essential to the survival of democratic societies, our own or others just getting started. When crafting our plans and policies to solve social problems, people in democracies often turn to private giving and the nonprofit sector as the chosen alternative, especially when the other two sectors are ineffective. And voluntary associations are a time-honored vehicle that we use to join together with those of like mind and make our voices heard in the public sphere—to advocate, to celebrate, and, yes, sometimes to protest.

Many say this role for voluntary action is even more apparent in the United States than elsewhere, because no nation in the history of the world has relied so extensively on voluntary action to do the public's business. Some go so far as to say that American's reliance on philanthropy is unique. But this is another less-than-accurate assumption that could use some clarification in a book like this one. While not unique per se, America's reliance on voluntary action certainly is distinctive; if philanthropy is a virtue, it could very well be America's most distinctive virtue.[22] Americans turn to philanthropy to advance their vision of the public good more than other cultures do; we use philanthropy to try to do good things, which is why it is a virtue and not a vice. The point is that if you don't understand how the United States works as a three-sector society, as a society heavily reliant on philanthropic action in the third sector, you don't understand the United States. Americans cannot run the risk of remaining largely ignorant of this important—even necessary—element of our democratic life. The same could be said for other democracies around the world as well, including emerging ones.

We are also convinced that philanthropy is interesting. One reason is that it helps to explain how society works; another is that it sheds light on every subject it touches. You can understand art history better when you understand philanthropic patronage of artists. You can understand the civil rights movement better when you understand how organizers motivated volunteers, who could go home whenever they wanted, to stick around despite the very real possibility of being beaten for it. We hope the study of philanthropy is interesting enough that it will someday permeate the intellectual life of the university, helping us to think more effectively about justice and welfare and truth.

Philanthropy Is an Ancient, Universal, and Diverse Tradition

Most of the activities we label "philanthropy" have been going on for a very long time. Organized charity is older than democracy and capitalism,

older than Christianity and Buddhism, older than societies and many other traditions that no longer exist. Charity in its less organized, spontaneous form, as ad hoc individual expression, is as old as humanity itself; we can safely consider it universal.

Similarly, the practice of some form of organized philanthropy is common to all of the great religions and civilizations of the world. But this universality does not mean there is not great diversity in philanthropy across the world and over time. The tradition takes a distinctive form in each culture. The fact that organized philanthropy is so ancient and widespread means that cultures have many different philanthropic traditions, and philanthropy has taken many forms. People have tried numerous things in the name of philanthropy: from saving children to saving trees, from saving refugees to saving old buildings, from saving symphony orchestras to saving stray dogs. People have used many words and labels for the activities, the values, and the purposes of philanthropy: charity, reform, liberation, voluntary action, eleemosynary, altruism, nonprofit, benevolence, generosity, good works, and many more. People have also justified and practiced philanthropy in many ways (not all admirable, we might point out): from giving alms because it is required by God to organizing a males-only benevolent society to preserve the status quo in a village, from making annoying fund-raising telephone calls during the dinner hour to making more subtle appeals offhandedly over drinks among friends.

This book argues that "tradition" is important as the record and awareness of the values that are transmitted across time from one generation to another. This does not mean all elements of any tradition are worthy of praise; in fact, the tradition of philanthropy includes within in the value of, and means for, the reform of tradition itself. But this requires paying attention to tradition, and perhaps working to improve it, so that you can pass it on proudly to the next generation. Traditions that are neglected or even actively abused can lose energy and meaning. We do not want to risk neglecting the philanthropic tradition.

Everyone Has a Connection to Philanthropy

As we noted earlier, philanthropy deserves more attention because everyone has some experience with it. Not all the experience is positive, nor is everyone actively engaged in philanthropy, but the experience of giving and receiving assistance is for all practical purposes universal. This is true for Albanians and for Alabamans.

Despite our limited formal knowledge of philanthropy, almost everyone can share some draft version of their "philanthropic autobiography" if

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the occasion arises. Our connection to philanthropy may go back to a childhood experience of donating money or food items at school or church, or of going door to door soliciting donations for UNICEF or the Red Cross. We have probably continued to give money—some of us sporadically, some regularly. We may have responded to letters requesting a donation. We may have given money to people who asked us for it on the street. We may have made similar token gifts to organizations simply because we were asked. We may have made regular contributions to our favorite charities. We may have attended social or cultural events where at least some of the proceeds from ticket sales went to a charity. Chances are good that we have also volunteered our services at some time, whether for our church, our children's school, or the local soup kitchen on Thanksgiving.

Many if not most of the readers of a book like this have also been on the receiving end of philanthropy—not necessarily direct charity, but philanthropy. The good works of others, past and present, make our lives possible. One of the most troubling inadequacies of the definition of philanthropy as voluntary giving or helping is that it focuses too much attention on the giver. This belies the fact that philanthropy is about receiving as much as about giving.[23] And for most of us, benefiting from philanthropy is not about our own hunger or homelessness but about benefiting from social change, stewardship, or the advancement of knowledge. All Americans are recipients, in a way, of philanthropic acts such as Andrew Carnegie's gifts to start public libraries across the United States. Even if you've never used a public library personally, you've benefited indirectly (if only through lower taxes) from the higher literacy rates and afterschool child care that public libraries provide. People around the globe are the beneficiaries of scientific or medical discoveries funded by philanthropic research grants and endowments.

More generally, there is no such thing as being wealthy beyond the need of the voluntary assistance of others. If helping others is universal, being helped is equally so. In such relations we are close to an existential understanding of the human condition. We are all vulnerable. We have all benefited from philanthropy in some form. We were all infants once.

Most of us don't consider ourselves among "the vulnerable." Until, that is, we realize that someone close to us is but a wayward cell or two from a life-threatening disease. Or until we realize that some of those in dire need of charitable aid following a disaster are wealthy western tourists. At that point the things we value most highly may rest on someone else's philanthropy, perhaps the forgotten donation of a total stranger of an earlier gen-

eration, perhaps the voluntary commitment of the stranger we meet in the emergency aid tent.

This is an important and interesting subject, one we must take seriously.

What Is Going On?

It is helpful, before we get too much further, to answer what we consider to be, following the theologian H. Richard Niebuhr, the first ethical question: "What is going on?"[24] We should take the time to appreciate the scale, scope, diversity, and significance of philanthropy in our society and for our individual lives. This is the first, most obvious step in addressing complicated questions like "Why does philanthropy exist?" or "What is philanthropy?" And this step will also provide convincing evidence that philanthropy should be taken seriously.

The Scale of Philanthropy

Although philanthropy claims only a relatively small fraction of our resources—our time as well as our money—its statistical profile is still very impressive. Despite our notorious preoccupation with amusing ourselves and decorating ourselves, we consistently give a share of our valuable resources of time and money voluntarily for the benefit of other individuals or that amorphous entity called "the community." And we give of ourselves in many ways, both formal and informal, even though most of our measurements of this activity—such as those reported below—omit the countless small or person-to-person gestures of helping others.[25]

Philanthropy is a force of major significance in the United States when we consider its scale. American philanthropy, as we define it, encompasses two million organizations, tens of millions of donors and volunteers, millions of full-time jobs, and trillions of dollars in revenues, trillions in expenditures, and trillions in assets. It is much bigger than most people think.[26]

Tens of millions of Americans give money philanthropically, sometimes because that is easier than giving our precious time and our modest talent. According to a survey sponsored by the national nonprofit umbrella group Independent Sector, in 2000 an astonishing 89 percent of American households said they made charitable contributions, and 44 percent of the adult population (and 59 percent of teenagers) said they volunteered. Most of those volunteers (42 percent of adults) said they also contributed money or property.[27] On average, those giving households contribute over 2 percent

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of their household income (not counting informal giving), and Americans on the whole give about 2 percent of our nation's GDP every year.[28] The wealthiest households contribute the lion's share of total donated funds. By one estimate, the top 27 percent of households give about 65 percent of the total, and the top 0.4 percent (in terms of wealth) give over 20 percent of the total.[29] This is largely because of the economic stratification in the United States, in which these wealthiest households own the lion's share of the wealth and make over half the income in America. And while this inequality of wealth and income is increasing in America, leading to an even higher percentage of total giving coming from the wealthy in the future, when we look at philanthropy in terms of number of households that give some part of whatever income and wealth they have, we see that philanthropy is remarkably widespread and that families at all levels give nearly the same percentage of their income.[30] Sometimes millions of us even give to the same cause: over half of Americans said they had donated to the relief funds for 9/11 victims within a few weeks of the disaster, and even more than this said they gave blood or volunteered their time.[31]

The total amount of money given is also impressive. According to the annual *Giving USA* report, Americans donated $260.3 billion in 2005. Perhaps most surprising to many is that *83.2 percent came from individuals*—76.5 percent from living individuals, and another 6.7 percent through bequests. In sheer size this individual giving is considerably larger than the amount given by foundations (11.5 percent) and by corporations (5.3 percent). Individuals added to their impressive giving totals by giving time as well. The Independent Sector survey reported that 83.9 million American adults volunteered approximately 15.5 billion hours in 2000. This total is the equivalent of a workforce of over 9 million full-time employees; and if we attach a per hour value to this volunteer work, the total value of donated time is estimated at $239 billion, nearly equivalent to the amount of dollars given in money or property.[32] And all these totals would be even higher if we included the many hours of "informal" volunteering—the prototype for this is the Boy Scout helping the elderly woman across the street—that most of us do as well.

Giving also implies receiving, and the percentage of contributions that were given for various purposes is also different than what many observers would expect. For instance, more than a third (35.8 percent) of all philanthropic dollars went to religious organizations. By contrast, the next highest category of recipient organizations—education—received only 14.8 percent of donations, and no other categories—e.g., health; human services; arts, culture, and humanities; environment—received more than 10

percent.[33] However, the relative role of individuals versus foundations and corporations as primary donors varies across the different fields.

According to the National Center for Charitable Statistics (NCCS) at the Urban Institute, there were 1.4 million nonprofit organizations registered with the IRS as of 2004. This figure does not include those religious congregations who chose not to register and many other community groups, clubs, self-help groups, civic partnerships, and other voluntary associations who are not registered because of their small size or informality. The actual count of voluntary associations in the United States is likely somewhere closer to 2 million.[34] This number has risen considerably in the past couple decades, and the number of private foundations has seen the most precipitous growth.[35] Again, philanthropy is a big and growing part of our lives and our society.

While many of these 2 million voluntary associations are very small—with modest budgets and sustained by volunteers—there are also some very large organizations, such as private universities with massive endowments and nonprofit hospitals with huge annual budgets. Considering just the nearly 500,000 U.S. nonprofit organizations (including foundations) that are large enough to have to register their finances with the IRS, we get a good sense of the impressive financial scale of this sector. In 2004, these reporting groups took in $1.36 trillion in revenues and reported $2.97 trillion in assets. This means *the nonprofit economy in the United States is larger than all but a few national economies around the world.*[36] However, a very large portion of this revenue and assets (and expenses also) is accounted for by the education and (especially) health care subsectors.[37]

As mentioned earlier, many people are surprised to learn that private charitable donations (from individuals, foundations, or corporations) are not the primary source of revenue for nonprofit organizations, that the philanthropic sector as a whole receives more money from government than from private giving, and that dues or fees-for-services (e.g., tuition paid to private universities) are by far the largest source of revenue.[38] There is also some evidence that the share of funding coming from private giving is declining.[39]

However, the picture is more complicated when we look at specific types or fields of nonprofit groups. Religious groups look more like the common perception of nonprofit groups in that they *do* receive the majority of their funding from private donations, whereas health care organizations—which make up such a huge chunk of the financial tally of the sector—get a significant majority of their funding from fees.[40] This variation should be seen as evidence of the tremendous diversity and scope (see

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Philanthropy has been a significant influence in social, political, religious, moral, economic, scientific, and technological affairs. The spectrum of causes advocated by philanthropic organizations extends from efforts to limit air pollution to efforts to define the rights of children, from providing exhibition opportunities for artists to providing hospice care for the terminally ill. Philanthropy has been influential in shaping the outcome of issues in religion, education, health, social welfare and human services (including family, children, and youth), the arts and humanities, cultural preservation, community service, sports and recreation, international relief and development, and the environment.

The practices of philanthropy are as various as the needs they serve. The list of human needs in the New Testament that begins "I was hungry and you gave me food" is part of the cultural and philanthropic literacy of the West. Food and drink, companionship and compassion, medicine, liberation, work, education, worship, music—all are needs to which philanthropy responds with voluntary gifts of money or service. The strategies that are available are dictated by the needs. In the case of refugees, for instance, those strategies would include relief and rescue, rehabilitation, return, and economic development.

However, when assessing the scope of philanthropy, we must again remind ourselves that there is a vast and largely uncharted ocean of informal, spontaneous, interpersonal philanthropy. We make a mistake in measuring the scale and scope of philanthropy if we neglect or forget about the pervasive, character-shaping good works that are immediate, direct, or personal—the domain of traditional benevolence, love of neighbor, civility, and tolerance, the "ordinary virtues" if you will. As we noted earlier, we do not have adequate ways to measure the impact of all this sort of work on people, on the communities in which they live and work, and on the nation and the world. But this informal philanthropy clearly matters, especially to those receiving the help, whether they are our closest friends or a stranger. We must think of philanthropy as encompassing both the spontaneous, individual acts of kindness and the planned, organized efforts that ensure acts of kindness are not ineffective or short-lived.

Finally, we must remember that philanthropy, as voluntary action for the public good, appears in every civilized society. What makes American philanthropy distinctive is that we rely more extensively on philanthropy than any other society in history. But other cultures and other nations have their own philanthropic traditions, and so "what is going on" in philan-

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Everybody's Philanthropic Autobiography

Finally, to understand "what is going on" in philanthropy, we cannot forget the individual dimension, the fact that philanthropy is very often intensely personal. As we said, everyone has a connection to philanthropy. And an individual's personal, particular connection is how he or she understands the meaning and mission of philanthropy. Most readers of this book will make sense of the definition of philanthropy as voluntary action for the public good through the filter of their own lived experience.

A starting point for reflection is one's own "philanthropic autobiography." The readers of this book are likely people who have some interest in the idea of philanthropy, so it seems reasonable to ask where that interest might have come from. Where do you develop your interest in philanthropy? What are the origins of the values that bring you into philanthropy? Where do you get your sentiments and attitudes and ways of thinking about relationships to others? What are the stories you have to tell about your philanthropic life? Your answers to these questions can also tell us something about the philanthropic world in which you live. Just as Gertrude Stein's story of her life and travels, in *Everybody's Autobiography*, told us something about America, every American's philanthropic autobiography tells us—and that person—something about American philanthropy.[44]

Philanthropic autobiographies usually center around family, school, church, mentors, and sometimes even life-shaping experiences. The occasional newspaper story suggests there are genetic influences at work; some of us may be wired to be philanthropic, just as some of us may be wired to be optimistic. For those not yet ready to leap to that conclusion, there are memorable experiences from childhood, influential mentors and peers, and the moral catechisms we once memorized and may still retain. Most people who are philanthropic seem to have been socialized into giving and serving, either by being explicitly taught or, more commonly, by following the example of family members or others. Some philanthropic mentors have offered a lifetime of help and advice, others a single penetrating observation. But many philanthropic autobiographies include a story of being inspired by another's generosity and perhaps one's gratitude and desire to "go and do likewise." Again, Andrew Carnegie provides a good illustration. Carnegie is one of the best known figures in American philanthropy, and

he became so partly because of the generosity of a man named Colonel Anderson, who allowed Andrew as a young boy to use his private library. The impact of Colonel Anderson's generosity was not manifest until decades later, but it affected the lives of the millions of people who have used "Carnegie libraries" since. Later in this book we will label this sort of philanthropic sequence of continual giving back as "serial reciprocity."

For some people, the lived experience with philanthropy even includes being on the receiving end of charitable gifts meant to help the poor. But most readers of this book have not had this experience, though many will have a memory of the other side of this philanthropic exchange, of bringing cans of food to school or church to "feed the hungry." So we must remember that some aspects of philanthropic experience are, like L. P. Hartley said about the past, a foreign country.[45] Few of us can do more than imagine what it means to be an artist in search of the subsidy that will give the freedom to create, the opportunity to perform or exhibit. Only a few of us will have picketed on behalf of civil rights or against abortion or stood in a vigil protesting an execution. Fewer still will have accepted physical risk and hardship to protect forests or to counsel families in a high-crime neighborhood. It requires imagination and empathy—important attributes for philanthropy—to put oneself in the place of someone at the bedside of a patient dying of cancer or AIDS or Alzheimer's Disease, much less in the place of the sufferer. On the other hand, many of us have visited museums often enough to have a notion of what it would be like to work in one; we've taken flowers and gifts to the bedridden who had no family to bring flowers or comfort or even silent companionship, and someone has probably brought flowers to us. We may have served as a volunteer usher in a theater to see the play without buying a ticket. We may have helped to organize the large dinner to raise funds for the hospital and even sat on the dais to be recognized and applauded for our tireless service.

When people talk about philanthropy, it becomes clear that philanthropy raises their values to the surface. To talk about one's philanthropic autobiography is to define oneself, sometimes to reveal a different identity from the one others might have known or expected.

Philanthropic autobiographies, like all other autobiographies, are continuing narratives. Many people, as they reflect on their values, begin to realize that their values have changed as they have matured and become acquainted with their own vulnerability. Many people speak of their understanding of philanthropy being reshaped and transformed by tragedy. We also learn by experience what we're good at and what we don't do very well. We begin to recognize that we are neither candidates for sainthood

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Teaching about Philanthropy, for Philanthropy

Public Teachers

We end this chapter with a final explanation of why we feel this book—and this sort of book—is necessary and valuable. It is always presumptuous to identify oneself as a "public teacher," but this is how we think of our role in writing this book. Public teachers are leaders who help others think about and understand difficult social issues and public problems.[46] We see this book as a guide to thinking seriously about an activity that helps to shape and define us as humans and a tradition that is essential to maintaining the good life and the good society.

The commonest method of learning about philanthropy is through the informal teaching of persons who are experienced in philanthropy. One reason informal teaching is so widespread in philanthropy is philanthropy's emphasis on action: philanthropy is tested, as pragmatic truth is tested, by what it does. Action means experience, and experience in philanthropy is very personal and individual for most people. "This is what I've done and this is what I've learned from it" is usually a more powerful teaching approach than a how-to manual based exclusively on theory or doctrine or a survey course on laws or technique.

A second reason for the tendency to rely only on informal teaching is the emphasis of philanthropy on values: philanthropy is about affirming what one believes is important, not just for oneself but for others. It is one thing to say, "I believe . . ."; it is another to manifest belief in action. To declare that you feel sorry for people who are down on their luck is an assertion of their value in your eyes and of your sensitivity to their plight. To do something about the troubled situation of strangers calls for more than sympathy and empathy; it calls for action based on your values. And for many reasons this can be hard to teach except by example or exhortation.

Our public teaching about philanthropy is not meant to replace this informal teaching, but to complement and enhance it. We seek to help people find their way through the complexity of philanthropy not by teaching them skills or giving them "best practice" guidelines, but by leading an exploratory dialogue on the fundamental purpose and place of their philanthropic action in their lives and their societies. Teaching itself is a philanthropic activity—it is the gift of one generation to another to pass along

what it knows and understands and values about good works, the good society, and the good life. This is our contribution.

The Audience

There are, broadly, three audiences for this book, for our public teaching.

We assume some readers of this book will be *young people*, often undergraduate and graduate students. The young people who might find this book interesting and helpful are those who think "life is about more than just making a living"; it is also about making a constructive difference for others—friends and strangers alike—for the community, writ large and small, and for oneself. Many of these young people will have been active in some kind of volunteer or community work and want to do more of it. Some might even think they want to pursue a career in philanthropy. We hope these students—of whatever age and circumstance—will themselves aspire to become public teachers in turn as they discuss with others the rationale for philanthropy. We hope they can use their understanding of philanthropy's meaning and mission to lead the field more effectively in what will surely be a complicated future.

Another group of readers we have in mind are *practitioners*, laborers in the vineyard of philanthropy—fund-raisers, board members, nonprofit executives, community leaders, perhaps even people of considerable means in search of ways to use their wealth constructively and imaginatively. Some of these readers are employed full-time in philanthropy. Others are active as volunteers. These practitioners are those we mentioned earlier who are often frustrated because the immediate demands of their work cause them to be preoccupied with the how of their work to the neglect of the why. They complain of "never having time to think about the big issues in what I do." Some may even have lost some of the enthusiasm that drew them into philanthropy in the first place. Philanthropy calls for a maturity based not only on experience but also on reflection. This book is intended to draw the reader into a more reflective approach, respecting the complexity and subtlety of philanthropy.

The third group to whom this book is addressed are *scholars*, most of whom will know more than we do about some specific subject discussed in this book. We believe that philanthropy, when taken seriously, critically, and constructively, is both intellectually engaging and illuminating. Scholars who explore the philanthropic dimension of their discipline usually discover surprising and enlightening connections, and they begin to transform and enrich their approach to their own fields. Studying philanthropy

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also helps bridge a growing disconnect, lamented by many scholars, between academic work and the serious problems of society.

Seek Simplicity and Distrust It

Whoever they are, we ask that readers of this book keep in mind Alfred North Whitehead's advice to "seek simplicity and distrust it."[47] He wasn't advising us to abandon the search for useful generalizations; he was simply cautioning us to remember as well that things are always more complex than our generalizations imply. Our generalizations in this book, while we hope they are useful, should be treated with this same skepticism; readers should use this skepticism as an incentive to revise your own ideas. In fact, any time you ask "Why" questions, you should not be satisfied with simple answers. So the reader in search of simple solutions and rules of behavior or social doctrine should look elsewhere.

Still we do suggest several simplifying conceptual frameworks to help make sense of philanthropy. But philanthropy is interesting partly because of its ambiguity and complexity, which we embrace in this book. Philanthropy as we define it is also celebrated as a haven of pluralism and a vehicle for the expression of diverse voices. We embrace that pluralism in our intellectual approach here by being eclectic in our methods, sources, and modes of thought, as befits a book coauthored by one person trained as a historian and philosopher and another person trained as a social scientist. Some of the key ideas discussed here come from sociology and political science, a few from economics, and many from philosophy, history, and religion. Our commingling of social science and humanities perspectives is another way this book introduces a unique perspective in this emerging field of study.

The key ideas about philanthropy that we raise cannot be pursued very far in this book; the intention is to open up ideas rather than to attempt to close them. Whatever this book achieves, it seeks balance, proportion, perspective, reflection, openness, and criticism of a constructive kind. It assumes some bias on the authors' part, but it also assumes that an earnest effort to control for it will stand a better chance of a durable result than cheerleading or cynicism. Having said that, we do take a stand in favor of philanthropy; that is a bias we can live with.

Good Works, the Good Life, and the Good Society

This book has a larger, normative purpose beyond the purely scholarly one. We are convinced that philanthropy is important and necessary and

good—indeed, that the good society and the good life are not possible without good works. We want this book to help people take philanthropy seriously, to explore it both as an external social phenomenon and as a personal record of internal experiences and values. This mission is based on the assumption that when voluntary action for the public good is a defining characteristic of the culture, individuals lead better lives—better by their own standards, better as seen by others—and that society is a better place.

We believe deeply in the importance of philanthropy, especially with respect to its influence on the values of our society. Philanthropy speaks for values that constrain and modify, and occasionally domesticate and civilize, the strong values of power and wealth that drive politics and economics.

As we will describe later, we believe in the philanthropic philosophy of "meliorism," which holds that "the world can be made better by rightly directed human effort." So a primary reason to study philanthropy is to do philanthropy, and the contention here is that the odds of doing it better are increased by understanding it better, by noting some of the views that modify or contradict its claims, and by arguing with yourself as well as with others about it.

The challenge of this book for you the reader, then, is to confront the subject in as clear-eyed a way as possible; think hard about it, look at the evidence, accept or at least don't dismiss out of hand critiques you can't answer. If you turn out to be a believer in the social value of philanthropy, as we are, you will be more likely to make a useful contribution than if you simply echo the words and imitate the values of others. The study and practice of philanthropy should help people develop morally and socially. Our conviction is that the study of philanthropy, linked to its practice, will help us find meaning, purpose, and hope in our lives.

We set out here to promote philanthropy, but to do so in a way that transcends cheerleading, advertising, and tax incentives. We believe teaching and learning about philanthropy can change one's worldview; it has for us and for many others engaged in the serious study of philanthropy. Education is the key. Education is *always* the key.

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