

Philanthropy as a Right

Robert L. Payton

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Philanthropy is America's most distinctive virtue. There is no other aspect of American life that is so vast in scale, so rooted in tradition, so broadly supported by law and public policy or more gratuitously neglected by the educational community.

This essay marks one stage in the development of one person's thought about philanthropy. Thinking about philanthropy usually begins with being asked to give money for a "good cause" and then moves to asking others to give their money for a (perhaps different) good cause. All Americans participate in the first stage of the process; it is not possible to live in this society and not be asked incessantly to give money for good causes.

There is, of course, great difference of opinion as to what constitutes a good cause; there is a cause to delight and offend every taste. Many of the activities that are alleged to be good causes would change the economy, reform our morals, liberate our children, rescue the poor, decorate our museums, correct our spelling. Although some of these causes are arguably trivial and inconsequential, some of them are directly related to our foundations as a society.

Even so, even with the extraordinary visibility of philanthropy in our lives, even with the seismic disturbances that philanthropically supported activities sometimes cause, it is a nonsubject in academic terms. It is not taught, except as a technique for practitioners, in American colleges and universities.

This is the argument: Philanthropy permeates American life, touches each one of us countless times in countless ways; philanthropy provides the resources for some of the most important activities that give shape and substance to our efforts to be a free and open and democratic society, and yet, inexplicably, it is not a matter of central intellectual concern, of thought and study.

Some definitions are in order before going further. Our usage is casual in talking about these subjects, and there is not an available glossary of terms to which we can all turn confidently for reference. "Philanthropy" is used here as an umbrella-term to cover all types of private giving for public purposes. (In the background is the original sense of "love of mankind," a generalized benevolence, but philanthropy has come to represent that more limited expression of concern for others as manifested in gifts of money: "one-way transfers of exchangeables. ")

There are two broad objectives served by gifts of money for public purposes, one originating in the Judeo-Christian tradition and the other having its earliest expression in classical Greece. *Charity* is the word we use to describe gifts that are intended to relieve suffering, to be personal acts of mercy to others in distress who are beyond our own clear realm of responsibility. Charitable concern, in that sense, is at the heart of most of our voluntary giving.

The word *philanthropy*, on the other hand, comes to us from the Greeks and Romans, where most of our ideas about political society originated.

Although there is evidence of a charitable concern in classical civilization, the predominant thrust of giving is to improve the life of the community. Philanthropy also tends to signify larger gifts, more carefully rationalized, less personal and spontaneous, more directed toward the future.

I have found it helpful to think of charity and philanthropy as analogous to the ideas of "relief" and "development" in foreign aid. (That context also provides a more dramatic reminder of the choices involved in giving, the sometimes agonizing tradeoffs between the relief of suffering today and the prevention of suffering tomorrow.)

If we set aside the small amount of giving for public purposes that takes place between individuals and concentrate on the vast majority of giving that is done to and through organizations and institutions, we have to bring into the discussion of philanthropy the recipients of our giving. These are corporate entities that have special status in our society, status established by law and greatly encouraged by public policy.

I speak now of what is called the "independent sector," the vast collection of organizations that operate on a not-for-profit basis and for public rather than private purposes. These organizations are private in terms of their control, and voluntary in terms of their participation. Any financial surplus that may on occasion be generated by their activities is not distributed as profits for the private benefit of the "owners."

The independent sector, then, is not part of the marketplace because the exchange that takes place is one-way and not for profit, and it is not an instrument of government because it depends on voluntary action and has no police power or taxing authority.

Within the scope of the independent sector are all those organized activities that have to do with private gifts for public purposes that is, with philanthropy. The scope of the independent sector and of philanthropy constitutes the first part of the essay that follows. The second part attempts to discuss the role of the independent sector and of philanthropy in defining and advancing the moral values of the free society. The third part

then examines the place of the independent sector and of philanthropy in the higher educational system, on the assumption that it is important to consider the way philanthropy is treated in education and what confidence we should have in the continuation of that tradition.

The Independent Sector

Under the term "independent sector," we will find "all voluntary organizations, churches, schools, private foundations, and the social responsibility programs of corporations that engage in charitable, educational, religious, scientific, and other not-for-profit activities that serve the public good."

In 1982 it is estimated that there were 793,000 organizations in the independent sector, 339,000 of which were churches. (The quotation in the preceding paragraph and the statistics in this paragraph and the following are drawn from *Dimensions of the Independent Sector* published in 1984 by Independent Sector, organized and edited by Virginia A. Hodgkinson.) To put those numbers in some perspective, were one to count all of the "operating entities" in the United States, one would find 16.8 million business organizations and 1.2 million not-for-profit organizations. (The not-for-profit organizations include about 400,000 that are for the benefit of their members, such as veterans organizations and mutual aid associations; these organizations, plus the approximately 800,000 independent sector organizations, make up the "not-for-profit" sector.)

Employment in the independent sector was 10.2 million people, 6.1 million of whom were full-time or part-time employees. (The remaining 4.1 million represent the conversion of volunteer time to a "full-time equivalent" number.) These and other volunteers 80 million of them contribute 8.4 billion hours of work to American society. That is estimated

to be the equivalent of 4.9 million full-time employees or the equivalent of \$63 billion of financially uncompensated services.

The independent sector thus represents about 6 percent of national income (business contributes 80 percent and government 14 percent):

In 1972 constant dollars, the not-for-profit organizations expended \$200 in 1960 and \$340 in 1982 for every American. Of these expenditures, it is estimated that over 90 percent of this contribution came from the independent sector.

Independent sector organizations in 1980 accounted for 9.2 percent of all employment and 8.2 percent of all earnings from labor.

Philanthropy, as the part of the independent sector that is concerned with gifts of money, reveals this profile:

?? An estimated 86 percent of all Americans 18 and over contribute to at least one charitable organization.

?? The average philanthropic contribution in 1981 was \$475.

?? The total amount contributed in 1982 was \$60.4 billion.

?? Sources:

?? Recipients:

(This table is from *Giving USA 1983 Annual Report*, published by the Association of Fund Raising Counsel in New York.)

Higher education reported voluntary support totalling \$4.9 billion in 1981 & 1982. Of that, 26 percent came from alumni, 23 percent from nonalumni, 21 percent from foundations, and 20 percent from corporations.

These figures are intended to support the contention that philanthropy permeates American life, both in terms of giving and in terms of the vast array of voluntary service it supports.

That is my first point.

Philanthropy and Freedom

My second point is that philanthropy is essential to our efforts to make this a free, open, and democratic society. Robert Bremner's book, *American Philanthropy*, provides a summary of the role of philanthropy in American history. It touches on the philanthropic establishment of most of the educational, cultural, social, and religious institutions of the society. It refers to the vast array of efforts to reform and improve the society and to relieve suffering. Let me offer some contemporary examples, chosen at random from direct mail fund-raising appeals:

- ?? New York Association for the Blind
- ?? Meals for Millions /Freedom from Hunger Foundation
- ?? Arthritis Foundation
- ?? Prison Fellowship
- ?? Community Service Society of New York
- ?? The Fire Island Lighthouse Preservation Society
- ?? The University of Chicago
- ?? The Ad Hoc Committee in Defense of Life
- ?? Hunger Action Coordination
- ?? USOCA (US Out of Central America)Union of Councils of Soviet
Jews

All of these organizations are private that is, not under direct government control and tax exempt that is, determined by the Internal Revenue Service to operate in the public interest. Contributions to these organizations are considered to be tax deductible. Although often concerned with public issues and policies, these organizations are not defined as "political." Some of them compete with for-profit business, but they are still treated as not-for-profit (because any surpluses are not distributed to their ("owners") and as in the public interest. To be classified as acting in the public interest means that these organizations relieve the public tax effort that might otherwise be undertaken to provide funds for these services.

This use of tax policy and other legislation to encourage private sector giving and voluntary service results in a vast and influential system. It is a system that is unique in the world. Charles Livingston-Booth, President of the International Standing Conference on Philanthropy, pointed this out recently in his remarks at a conference in New York. In the Scandinavian countries, he noted, "taxation provides a disincentive to giving. ...In Belgium a newly arrived American multinational offered a swimming pool to the local community, which was angrily refused on the grounds that this is a proper responsibility of government and no such interference would be tolerated. " Japan has but twenty foundations (compared to some 22,000 in the United States). In France, government permission is required to make a significant gift to charity. In Finland, one of the many countries to limit the portion of one's private estate that can be left to charity, "the only giving that attracts tax privileges is to a body providing national defense. "

The contrasting diversity of American philanthropy is worth mentioning again:

- ?? Amnesty International
- ?? New York Public Library
- ?? The Committee for a Sane Nuclear Policy
- ?? Catholic Relief Services

Or take this list, from the early part of the century, from Bremner's *American Philanthropy*:

"Churches, home and foreign missions, temperance organizations ... orphanages, and homes for the aged ... the plight of newsboys, working girls, distressed immigrants, tenement dwellers, and southern mountain children..." (University of Chicago Press, 1960, pp. 122, 123).

The list is almost endless: YMCA, YWCA, YMHA, Salvation Army, Volunteers of America, Boy Scouts, Girl Scouts, Campfire Girls, National Tuberculosis Association, American Cancer Society, Goodwill Industries, The Lighthouse, NAACP, Urban League, American Association of Labor Legislation, National Child Labor Committee....

In the United States, one could review instructively the legal history of the *right* to organize voluntarily for public purposes, the *right* to raise money, and the *right* to give it for public purposes. It is a constitutional history that supports the legislative actions to encourage voluntary service and philanthropy by tax policy. From the earliest days, it also reflects public and private sector cooperation, private giving supplementing and stimulating public funds.

Neglect of the Benign

My argument thus far has been intended to provide a quantitative outline of philanthropy and a qualitative sketch of some of the purposes it serves, purposes that I contend are central to our efforts to be a free, open, and democratic society. All of those organizations come into being, and call upon voluntary giving, because the operations of government and its bureaucracies, of the marketplace and its business enterprises, fall short of perfection. In the minds of some people, there is need for charitable acts to relieve suffering beyond what the system seems able to provide and need for philanthropic improvements of the community.

One might then conclude, as I have, that philanthropy, especially when considered in its broader implications, is an activity of substantial importance. It is a subject worthy of scholarly research, research that could then be utilized in programs of education and training. What one finds, however, is a very uneven record of scholarship from one field of

study to another, often superficial training programs, and a total neglect of the subject as a topic in undergraduate general education.

Let me deal first with scholarly research. The two fields that seem to have devoted the most significant energy to the subject are history and social work. Barry Karl of the University of Chicago and Stanley Katz of Princeton University are engaged in a two-volume history of the impact of philanthropy on public policy in twentieth-century America. Bremner's *American Philanthropy*, a really excellent introductory survey written in 1960 for the University of Chicago Press series in the history of American civilization, has been reprinted recently but without revision.

The best new book that I have seen is by James Douglas, a British political scientist now teaching at Northwestern University (*Why Charity? The Case for a Third Sector*, Sage Publications, Inc., 1983). Douglas addresses the reasons why a third sector of private philanthropy and voluntary service exists in the first place. He analyzes the constraints and the limitations on government and the marketplace. Economics does not seem to have provided a satisfactory solution to what Russell Hardin calls "the back of the invisible hand" or for the paradox of public goods.

There is also a valuable new anthology on *America's Voluntary Spirit* (The Foundation Center, 1983), edited by Brian O'Connell, who also serves as President of the organization called Independent Sector.

Training tends to be found in programs for managers of not-for-profit organizations or in courses in fundraising. The only systematic degree training that deals with philanthropy in depth is in social work, although some business schools address it in courses in corporate social responsibility.

Let me illustrate my point about the neglect of philanthropy in general education by referring to recent course catalogues of Amherst College, The University of Texas at Dallas, and Hofstra University. To the best of my knowledge, none of these catalogues lists courses making any reference to charity or philanthropy or the independent sector.

Amherst offers an Economics course entitled "Radical Perspectives on Capitalism" that does not, according to the hundred words or so of summary description in the 1980-81 catalogue, make mention of charity or philanthropy, even to repudiate them. Course 20, "Economics and Property Rights," discusses "the use of common property resources ... the historical development of private property and its regulation ... contracts, and the relationships between property, equity, individual freedom and the public interest," but apparently with no reference to philanthropy and the right to donate private property for public purposes. Political Science 21, "American Government," makes reference to "the relationship of private aspirations and public norms," and Political Science 23, "Political Obligations," mentions "the obligation to rescue." Political Science 24, "Politics in Third World Nations," declares that "special attention will be paid to the problems of human rights and world hunger." Is there reference in these courses to the work, say, of the Medical Mission Sisters? To CARE? To Bread for the World? To the impact of philanthropy on American foreign policy?

There are no courses listed on the literature of charity at Amherst, but there is a course on the literature of madness.

Amherst, by the way, was founded in 1821. The historian Merle Curti describes its origins: "Canvassing the small towns of western Massachusetts, the representatives of Amherst's 'Charity Fund,' as it was known, were remarkably successful. In less than a year they raised

\$37,000 from 274 individuals for most of whom philanthropy of any amount was a sacrifice." (Merle Curti and Roderick Nash, *Philanthropy in the Shaping of American Higher Education*, Rutgers University Press, 1965, p. 46.) Amherst has developed to the point where it proudly reports endowments for student aid amounting to more than \$6 million enough from past giving to permit a policy that no student will be denied admission on the basis of financial need alone.

The only other reference to philanthropy that I could find in the Amherst catalogue was a bibliographic reference to the interesting little book, *Doing Good. The Limits of Benevolence*, mentioned among a dozen **other titles** in an interdisciplinary course on "Perspectives on the Professions." That reference touches, at least, on what I have in mind: introducing the idea of philanthropy into courses of general education that violate the sacred precincts of the specialized disciplines.

As far as I have been able to discover, philanthropy is no more a part of the education of undergraduates at Hofstra than it is elsewhere. Social Psychology 159 probably does not deal with dominance and dependency as an aspect of giving and receiving charity. Social and Political Philosophy 4 probably does not give much time to philanthropy, and Introduction to Ethics 11 probably does not use philanthropy to illustrate the discussion of "ethical progress." English 132 on the nineteenth-century British novel probably does not use Dickens' satirical attack on charity as practiced in his time as an illustration of the literature of charity. Political Science 105 on "Public Policy in the United States" probably does not reveal to students the extraordinary role played by philanthropy and the independent sector in shaping American public policy. (This is an oversight that might well be remedied when the historians Karl and Katz publish the history mentioned earlier.)

The University of Texas at Dallas is a public institution, upper division and graduate only. It occupies space largely provided by individuals associated with Texas Instruments Incorporated and by the corporation itself, people like Eugene McDermott and Erik Jonsson in particular. There is a course at UT Dallas in "The Ethical Conduct of Business" and another in "Corporations and Politics," but neither course description makes explicit reference to the growing role of the corporation in philanthropy or to the relationship of corporate philanthropy to the formation of public policy. Presumably one turns instead to History 3366, "Themes in the Social History of the United States: Race, Class, Sex, and Social Change," "a survey of social history, focusing on the American experience ... [that] fulfills one-half of the Texas legislative requirement for six hours in American history." (It may also indicate what you get when the legislature takes it upon itself to tell faculty members what to teach.)

I am necessarily tentative in all these sweeping statements about what is taught about philanthropy to undergraduates, for I have based what I say merely on the examination of course catalogues and course descriptions and on the indexes of college textbooks. I welcome evidence that would correct my impression that philanthropy is simply ignored in the American college classroom.

My argument has been that philanthropy operates on such an enormous scale and is so widely diffused in American life that it seems astonishing that it has failed to capture the attention of the academic community in the United States. Philanthropy and voluntary service broadly considered are, in my opinion, vital to the preservation of freedom, but their operation and purpose and place in our tradition must be taught and studied and learned if they are to survive. They are, at the moment, not a system of thought but a confusion of law and custom and attitude and behavior and organization

and simply ignorance. Offering such intellectual disarray holds out little promise for effective response to other, competing systems.

One faculty member (a social historian) remarked that "If we did teach about philanthropy you probably wouldn't like what we taught." Similar arguments bring out a point of view that sees charity as demeaning to the recipients and philanthropy either as a means of keeping the poor in their place or for diverting tax monies to the cultural priorities of the rich. Corporate giving, in this view, is rejected on the grounds that it only serves to strengthen an already insidious capitalist influence.

A contrasting position, still widely held by skeptics in the business community, is that corporations should leave philanthropy to individuals; they hold the nineteenth-century opinion that "charity has no place at the board table." Libertarians, more visible these days if not more numerous, give such high priority to individualism that they are suspicious of all social action proposed under the rubric of benevolence.

Let me contrast the neglect of philanthropy with the systematic attention paid to a contrasting set of values. *The Left Academy* (McGraw-Hill: 1982), edited by Edward Vernoff and the well-known, self-described Marxist political scientist Bertell Ollman, is a discipline-by-discipline report on the status of the "Marxist perspective" on American campuses. In the 1950s such a book title would have signalled an expose" written by a fervent anticommunist. Today it is the title of a book that applauds the rise of Marxist views among university faculty.

"A Marxist cultural revolution is taking place today in American universities," say the editors in their introduction. They go on to report the publication of "four Marxist-inspired textbooks in American government" and the publication of "over fifteen books on Marx and Marxism" by Oxford, Cambridge, and Princeton university presses. (*The Left Academy*, page 1.)

“There are over 400 courses given today in Marxist philosophy...” according to Ollman and Vernoff. The popularity of Marxist teaching innovations is not my point, however; the point is the absence of teaching about the tradition of voluntary service and private giving in American life. It does indeed make a difference to one's thought about the American system whether one sees it through eyes that legitimate philanthropy or through eyes that see legitimacy only in the state. Quite apart from opinions of the kind I have been describing (and expressing), philanthropy as it is organized in the United States provides the means for social change that is an interesting alternative to those to which other, especially Marxist, societies are limited.

Philanthropy is a subject that touches the life of every student and every faculty member at every American college. It is easily related to every discipline of the humanities and social sciences and to professional studies like medicine, law, and business. It *could* be taught, and in my opinion it *should* be taught, but it is not taught.

Conclusion

The system of charity and philanthropy and voluntary service is at work in almost every aspect of our lives. We give to it and we receive from it. We use it to help others and to express our ideas about how life could be made better for all of us.

The independent sector provides a means by which we can make corrections in the way our economic, political, and social systems work. The device permits peaceful change, constantly under way, of an infinite plurality and complexity as diverse as we are ourselves as a free, open, and democratic society.

There is reason for the concern that this complex and rich tradition will not thrive without care and encouragement and understanding. Highly organized and powerfully funded alternative ideologies are pressing upon us; we might by default find our system modified significantly while we are not attending to it. Technical adjustments might be made in tax policy, in the law regulating not-for-profit organizations, in the definitions of which organizations are eligible for tax exemption and of which gifts are eligible for tax deduction, in the boundaries surrounding corporate contributions, or in the practices of endowed foundations.

Public discourse about the issues that unite and divide us owes much to the right to raise money and the right to give it. No other society has been so bold in granting that right and in extending its use. Perhaps no other society is so free.