

## *Philanthropy as Public Policy*

Robert L. Payton

The United States is a "mixed economy" - when we say that it is a three-sector society we have to bear in mind that the three sectors interact and influence each other in myriad ways. The environment of philanthropy in American life has political and economic as well as philanthropic elements at work all the time. Any effort to emphasize one thing tends to diminish others, every effort to illuminate one place tends to obscure others, every effort to focus in one place tends to blur its surroundings. That's one part of the problem of talking about the United States as a "three-sector society." The other problem is that dissecting the society and analyzing its component parts often leaves the job unfinished and the pieces are not reassembled. Keep those cautionary words in mind.

If the three-sector idea is useful, it will help us bring out the differences and distinctiveness that characterize each one as well as their commonalities. Each sector involves social organization, for example, each sector needs resources both human and material, each sector reflects a range of past experience. More important, for my purposes, are the *values* that characterize each sector, values that may be said to *define* each sector. We should be able to identify an essential defining term without which the concept of sector collapses.

The essential defining term or "core value" of government is *power*. The power that makes government work is the legitimate right to use coercion. In the fields that are the subject matter of this essay, the difference between government and philanthropy is most clearly brought out by the government's power to tax. If I were to attempt to use force to raise money for a homeless shelter or a soup kitchen, I would go to jail. If a government agency decides to provide housing for the homeless or food for the hungry, it can command the resources it needs. Philanthropic giving is voluntary; paying one's taxes is not.

The essential defining term of business, the private economic marketplace, is *wealth*: the right to acquire, use, and dispose of *property* as we choose. The most familiar measure of wealth in the marketplace is profit, often spoken of as the "bottom line," even by people who have never learned to read a balance sheet or an annual financial report. In addition to

acquiring wealth through economic performance, we are now reminded daily of the accumulation of wealth in some places and its absence in others. Andrew Carnegie, one of the symbols of individual wealth accumulation under capitalism, praised the system for its efficiency and effectiveness and commented in passing on the way capitalism "throws up great fortunes" as a byproduct of the way the market works. Money is one aspect of philanthropy among several, but, like government, philanthropy lacks the means to create wealth and to accumulate it.

Government is about *power*. The marketplace is about *wealth*. What is philanthropy about?

This essay argues that philanthropy is first and foremost about *morality*. That discordant word may call other things to mind - prudery, puritanism, ratings of television and films and the censorship of books. I mean to use the word *morality* in a particular way: the way that I understand philanthropy.

Philanthropy is about *intervening in the lives of other people for their benefit*. My understanding of what the word "moral" means would say that such an intervention is a moral act by definition. By definition, that is, not by intention or result. Helping others should call to mind a variety of ways in which we seek to make things easier or better for others, sometimes benefiting ourselves in the process, often not. Power, wealth, morality: it takes all three to make a society. Pity the society that is concerned only about the first two - or the one that thinks the third can stand alone.

The United States is a society in which by tradition and law we have developed a loose "system" of *voluntary action for the public good*, sometimes to correct mistakes made by government or the marketplace, sometimes to show the way to a better society. No society has ever relied so extensively on philanthropy as a way to do "the public business" than has the United States in the 20th century. Philanthropy must become a conscious part of the explanation of how American society works; any explanation that neglects the philanthropic dimension - alas, most of those presently offered - is unpardonably deficient.

The deficiency of understanding is most often a failure to devote adequate attention to philanthropy as a "moral action-guide." Philanthropy is a context in which moral norms are proposed and acted upon. "Civil rights" for African-Americans, for example, was a moral claim before it was a legal claim. In fact, civil rights lost much of its moral power when

advocates began to believe that embedding civil rights in legal processes would ensure their effectiveness over time. The difficulty of transmuting the moral gold into legal tender is far greater than most of us realized: the familiar maxim that one cannot legislate morality is a bitter pill for reformers to swallow. Wise teachers of the law as well as activists who have learned humility know that.