LOOKING BACK AT

50 YEARS OF U.S. PHILANTHROPY

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I. What's New? Addressing the Question of Philanthropic Novelty

Fifty years have passed since the establishment of the William R. Hewlett Foundation (it became the William and Flora Hewlett Foundation in 1977). Of course, the world of 1966 was vastly different from that of 2016, but the chronological distance is amplified by the philanthropic sector's tendency to celebrate novelty as a cardinal virtue. We can note the irony that such assertions of "New Philanthropy" are themselves hardy perennials in the sector, emerging every few decades for the last century. But it is also the case that such claims have grown more insistent in recent years. There is now a general sense, from both inside and outside the sector, that we inhabit a brave new era in giving, separated from the past by an increasingly wide gulf of attitude and practice. Within this context, where even the early 1990s can seem a far-off memory, the mid-1960s become practically prehistoric—a time when Bill Gates was just another middle-school student and a DAF was the diminutive of a Disney character.

Yet such claims regarding the newness of the age are rarely the product of sustained historical reflection. Unexamined, they threaten to obscure as much as they reveal. Thinking more carefully about how philanthropy has developed over the last five decades forces us to consider both continuities and ruptures in the sector's history. At what point does historical development cross the threshold of the novel? And what is gained, and what is lost, when we focus on novelty as an analytic category? The establishment of the Hewlett Foundation a half century ago serves as a useful reference point for such an inquiry. The event sits on various tectonic plates in 20th century philanthropy, straddling fault lines that divide old from new, forcing us to reconsider those temporal categories.

On one hand, even in 1966, the plates had already begun to shift. Four contemporary developments that, in our assessment, can stake particular strong claims to representing the exceptionality of the present moment—the grandness of the scale of giving, the amplification of donor control, the increased diversification of the sector, and the turn toward policy as an instrument of social change—can each trace a lineage back through the founding of Hewlett and to the historical moment in which it was situated. The Hewlett Foundation, along with the David and Lucile Packard Foundation, were among a cohort of West Coast foundations that signaled the coastal culmination of a century-long geographic dispersion of philanthropy throughout the nation (and ultimately the world). Hewlett and Packard were also the first philanthropic foundations to emerge out of the new high-tech fortunes of the second half of the 20th century. In this respect, they augured the future philanthropic institutions of Gates, Omidyar, and Zuckerberg, with all the ambition, entrepreneurialism, and increased private financial resources that they represent. William Hewlett's active involvement with the foundation in the final decades of his life (during the institution's initial "living room philanthropy" period) distinguished him from the many other more detached donors of the age and anticipated the "Giving While Living" movement of the current moment.[1]

Additionally, by the mid-1960s, a small but influential corps of foundations had sloughed off the conservatism of the previous decades and had begun to engage more aggressively with the federal government in order to shape public policy. Leverage was their byword then, even as it is for many now, and

[1] Waldemar A. Nielsen, *The Golden Donors: A New Anatomy of the Great Foundations* (New York: Truman Talley Books, 1985), 22.

their programs led to increased public scrutiny and concerns about the legitimacy of philanthropy, much as the initiatives of some of today's funders have. The echoes of the policy interventions of McGeorge Bundy's Ford Foundation can still be heard in today's press releases. The arguments of Bundy's critics resonate today. Here precedents can serve as valuable signposts to long-term trends. But they can also become distractions in a study of philanthropic history by threatening to make the past too familiar. In this case, for instance, focusing on the more politically engaged foundations of the mid-1960s can obscure the fact that many more then were politically timid and quiescent.

In fact, if in some ways 1966 seems like the beginning of an era that has not yet reached its terminus, in others, the Hewlett Foundation's founding doesn't look forward so much as back. It can claim as its kin the early Progressive Era foundations, with whom it shares the same institutional form. Furthermore, even when the foundations of the 1960s seemed to presage the philanthropic scene of the 21st century, with shared characteristics and preoccupations, the recent rise of mega-philanthropy raises interpretive questions of scale: When do differences in degree become differences in kind? When, how, and in what ways does bigness matter in our understanding of the sector?

This question and the others asked by this paper prompt us to reflect more generally upon how we understand change over time in the sector. Philanthropy professionals are often so focused on measuring their impact on society that they can forget that philanthropy is as much an object as an agent of historical change. It is good to be reminded that much of what is considered novel in philanthropy is really a product of the broader political, economic, and social context in which philanthropy operates.

How we approach that context also shapes our understanding of philanthropy. Historians are often instructed to be wary of narratives of progress (or of declension). This is certainly an important caution with respect to the story of philanthropy over the last half century, since such narratives could suggest a teleological direction to the march of history or could encourage complacency or resignation. But we shouldn't be afraid to make judgments about recent developments within the sector, as long as we are clear about the assumptions that undergird them and modest about our interpretations of the evidence. We offer these reflections on what has changed in a half century of philanthropy since the founding of the Hewlett Foundation in the hope of bringing those assumptions further to light.

II. The Center Did Not Hold: The Decline of the Philanthropic Establishment and the Increased Diversity of the Sector

One challenge in comparing the philanthropic sector of today with that of a half century ago is that we know much more about the present than about the past (the product of a greatly enlarged research apparatus and spreading sector-wide norms of accountability and transparency, which will be discussed later in the paper). There are few reliable statistics available about the precise composition of the philanthropic sector in the mid-1960s. The idea of a cohesive sector as a subject of analysis had not yet been fully established, and few foundations voluntarily shared information about their grantmaking or governance.

"Nowhere does knowledge of foundations drift into folklore more easily than when number is discussed," remarked the authors of the 1967 Foundation Directory, produced by the Foundation Library Center. Through questionnaires, personal inquiries, public records from the IRS and state regulatory agencies, published reports, and newspaper clippings, the directory did its best to install facts where myth and irresponsible guesswork reigned. It estimated there were about 18,000 foundations in 1966, although only 6,803 had assets of more than $200,000 or made annual grants of more than $10,000. Combined, these foundations had approximately $19 billion in total assets and made $1.2 billion of grants out of national charitable giving totals of nearly $14 billion. Because so many foundations were "so negligible in terms of fixed assets or moneys currently distributed," the directory concluded that "statistics on growth in numbers alone, even if accurately compiled, have little significance." But from the heights of a half century, the significance of these statistics increases. In 2014, some 67,700 foundations held $831.6 billion in net assets and gave nearly $55 billion, while total charitable giving rose to its highest level ever, $358 billion.[2]

Those figures can provide the basic bookends for the story of the development of the philanthropic sector over the last half century, one defined by the dynamics of growth and increased diversity. A focus on growth allows for a relatively straightforward narrative of expansion; a focus on diversity highlights how a single narrative has become more unstable and unruly, breaking down and branching out into multiple tributaries. Indeed, in many respects—geographically, racially, ethnically, and ideologically—the last half century in philanthropy has been defined by a movement away from homogeneity. Any account of what is new and what has changed in philanthropy must incorporate this heterogeneity. For starters, foundations and the donors that create them are now dispersed much more widely throughout the nation. At mid-century, the nation's largest foundations were clustered in the major cities of the East Coast, especially in New York, with outposts in the Great Lakes region and the upper Midwest. Only one of the largest foundations, The James Irvine Foundation, was headquartered on the West Coast and it did not begin a program of active grantmaking till the 1960s. The geographic concentration in the mid-Atlantic region of the major foundations and the men who ran them was a frequent topic of the congressional investigations targeting foundations in the 1950s. The 1953 Cox Committee report, noting that most foundations were headquartered in the New York area and that most trustees lived nearby, prodded foundations to make "a sustained search for qualified individuals residing West of the Hudson River [to] assist the foundations to maintain the freshness of approach, flexibility, and breadth of vision for which they profess to strive." In fact, as late as 1969, New York State contained a quarter of all foundations.[3]

The establishment of the Hewlett Foundation, however, was evidence of philanthropy's westward spread, tracking the growth of the economy more generally and continuing the development of the foundation as a fully national institution. By the 1970s, California could boast six of the nation's largest grantmaking foundations; in 2014, it had more than 7,700 foundations in all, 9 percent of the total, second only to New York, with 11 percent. But this phenomenon was not merely bi-coastal; over the last several decades, various regional constellations of both foundations and donors have dispersed throughout the country. By 1990, Massachusetts, Ohio, and Texas had nearly the same number of foundations, around five percent of the total. In 2014, the top 50 largest foundations were headquartered in 20 states, along with the

[2] See also Warren Weaver, *U.S. Philanthropic Foundations* (New York: Harper & Row, 1967), 57-66. U.S. Department of Commerce, *Statistical Abstract of the United States 1972* (93rd ed.), 306; The Foundation Library Center, *The Foundation Directory*, ed. 3 (New York: Russell Sage Foundation, 1967), 8-9; 2014 statistics from the Foundation Center.
[3] Nielsen, *Golden Donors*, 217; Joseph C. Kiger, *Philanthropic Foundations in the Twentieth Century* (Westport, Conn.: Greenwood Press, 2000), 89.

District of Columbia; the South alone could claim more than a quarter of all foundations.[4]

Why does this matter? Unlike a half century ago, when the grand tour of the philanthropic sector would have required just a handful of stops (Manhattan's Century Club alone might have sufficed), now the itinerary would require at least a dozen, and probably more. The center, in other words, did not hold. The diffusion points to a broader development. As Inside Philanthropy's David Callahan has recently remarked, we can no longer speak of a single philanthropy "establishment," a tightly-bound network of individuals with a shared system of norms, viewpoints, and experiences who govern access and influence. There are now, instead, multiple "establishments"— Callahan notes the distinct philanthropic communities based around the turn-of-the-century "legacy foundations," around finance wealth in New York City, around high-tech wealth on the West Coast, along with a handful of other "robust local philanthropic ecosystems." There are now more tightly bound virtual clusterings as well, affinity groups united by shared program areas and interests. In this decentralized system, notes Callahan, "No one is in charge."[5]

The fragmentation of the mid-century establishment is one illustration of the movement toward heterogeneity within the sector. Another is the sector's shifting demographics. Calls for the sector to become more diverse have been so persistent over the last few decades that it is easy to forget that, over the last half century, it has become more diverse. The sector has struggled with constructing a narrative that registers—and even celebrates—these changes, and the slow, unsteady relinquishing of a patriarchal model of philanthropy in favor of a more representational one—without suggesting that these changes are sufficient.

At mid-century, foundation leadership and staffs (such as there were, since the vast majority of foundations had no professional staff) reflected the white establishment. A 1956 survey noted that 7 percent of foundation trustees were women, but made no mention of race or ethnicity. In his 1972 study, Waldemar Nielsen reported that of the founders of the 33 large foundations he examined, none was Catholic and only one was Jewish. "The working atmosphere in most of the large foundations is genteel; Jews, blacks, and women (as professional employees) have not generally been permitted to intrude."

Yet by that time, calls for greater diversity had begun to penetrate the gentility of the sector. In 1971, Ford added its first woman trustee and other foundations such as the Carnegie Corporation and the Rockefeller and Gannett foundations made efforts to diversify as well. In 1973, the Council on Foundations affirmed this as a sector-wide imperative, releasing a statement proclaiming that "Diversified boards and staffs will insure the sensitivity of foundations to the needs of segments of society who have often been denied adequate voice and representation."[6]

In the following decades, women made the most impressive gains in the sector. Half a century ago, there

[4] Nielsen, *Golden Donors*, 200; AAFRC Trust for Philanthropy, *Giving USA: The Annual Report on Philanthropy for the Year 1990*, 36th ed. (Chicago, 1991), 78-79; 2014 data from the Foundation Center.
[5] David Callahan, "Is There a Philanthropy Establishment? And If So, Who's in It?" *Inside Philanthropy*, January 28, 2016, accessed online at http://www.insidephilanthropy.com/home/2016/1/28/is-there-a-philanthropy-establishment-and-if-so-whos-in-it.html.
[6] Kiger, *Philanthropic Foundations in the Twentieth Century*, 92; Waldemar A. Nielsen, *The Big Foundations* (New York: Columbia University Press, 1972), 310, 324; Nielsen, *Golden Donors*, 415; Henry A. J. Ramos and Gabriel Kasper, "Latinos and Community Funds: A Comparative Overview and Assessment of Latino Philanthropic Self-Help Initiatives," in *Nuevos Senderos: Reflections on Hispanics and Philanthropy*, eds. Daina Campoamor, William A. Diaz, and Henry A. J. Ramos (Houston: Arte Publico Press, 1999), 141.

were a few examples of women in leadership positions in the field, such as Edna McConnell Clark, who expertly guided her eponymous foundation in its first decade; before her, the example of Olivia Sage loomed larger still. These were, however, isolated, towering figures, with no movement coalescing around them. A study published in 1974 estimated that only 15 percent of foundation staff were women. But the place of women within the philanthropic sector tracked women's entrance into the workforce more generally, and by the mid-1990s, women were overrepresented within the foundation sector at the staff level.

Their representation in leadership positions also surged. A 1990 survey of 723 foundations conducted by the Council on Foundations reported that women made up 29 percent of the boards of trustees; 43 percent of the chief executives on whom information was available were women. The numbers continued to climb; in 2014, according to data compiled by the D5 Coalition, 55 percent of foundation presidents were women (though among grantmakers with more than $1 billion in assets, the proportion fell to 28 percent).

Perhaps just as significant was the development of women's funding organizations that directed resources toward issues that affect women and girls. The largest of these, the Women's Funding Network, was started in the mid-1980s and by 2000 could claim $200 million in assets. The last decade has also seen increased efforts to encourage wealthy women donors to direct giving to women's causes, as with the Women Moving Millions initiative (whose members by 2016 had made more than $600 million in gifts), as well as campaigns by a number of high-profile philanthropists, most notably Melinda Gates and Susan Buffett, to designate women's issues as a primary funding area. Although we lack sound data on how much philanthropy has recently been directly targeted to benefit women and girls, it is clear that the total still amounts to a relatively small percent of overall giving. But it is also clear that the prominence of women's issues has grown considerably in the sector over the last half century, especially given the depths from which it had to climb; a report prepared for the Rockefeller-funded Commission on Private Philanthropy and Public Needs (the Filer Commission) estimated the proportion of total grantmaking directed to women's issues as less than 0.2 percent for foundation grants made between 1972 and 1974. And the cause for this shift seems clear as well: women's increased representation within the sector and within positions of power in the corporate and political realm more generally.[7]

Racial and ethnic minorities have made slower representational gains within the sector. According to a 1991 study by Emmett Carson, for instance, 14 percent of foundation program staff were African-American, while only 5 percent were Hispanic. At the leadership level, the movement toward inclusiveness was equally laggard. Carson's 1991 study reported that only 14 percent of the members of foundation governing boards were people of color. And in 1994, the Council on Foundations estimated that only 4 percent of foundation CEOs were men or women of color.[8]

[7] David Callahan, *The Givers: Money, Power and Philanthropy in the New Gilded Age*, 235, manuscript in authors' possession; "How and Why Women Give: Current and Future Directions for Research on Women's Philanthropy," May 2015, Lilly Family School of Philanthropy, Women's Philanthropy Institute; Kiger, *Philanthropic Foundations in the Twentieth Century*, 95; Council on Foundations, *2015 Grantmakers Salary and Benefits Report*; Stephen Heintz, Robert Ross, and Luz Vega-Marquis, "Philanthropic Leadership Shouldn't Still Look Like the Country-Club Set," *Chronicle of Philanthropy*, April 11, 2016; Commission on Private Philanthropy and Public Needs, "Commentary on Commission Recommendations," in *Research Papers sponsored by the Commission on Private Philanthropy and Public Needs*, vol I (Washington, DC: Department of the Treasury, 1977), 58.
[8] Ramos and Kasper, "Latinos and Community Funds," 141-142.

In the last two decades, levels of diversity have increased, then plateaued. According to a 2002 report from the Joint Affinity Groups, the percentage of minorities on foundation staffs rose to 20 percent by 1998. Using 2014 data collected by the Council on Foundations, the D5 Coalition reported that 12.7 percent of foundation program officers are black and 10.2 percent are Latino. Representation in leadership positions continues to lag. In its most recent report, the D5 Coalition reports that "the proportion of CEOs of color has remained flat over the past five years, at 8 percent. The corresponding figure for senior executive staff is a tad more positive—17 percent, compared to 14 percent five years ago—but there's been a slight decline in program officers of color." (Although analysis by the Center for Effective Philanthropy has also shown that these rates are higher at the largest foundations).[9]

In explaining the results of a 2002 study that showed that women and minorities were still underrepresented on foundation boards, Emmett Carson, then the head of the Minneapolis Foundation, concluded, "What this shows us is that we haven't made any real progress." But what such results really show is how slippery "progress" can be as a means of describing historical change. A comparison of foundation boards of 1966 and of today would make clear that significant change has occurred in the direction of diversity. But the change is incomplete, nonlinear, and does not foreclose the possibility of reversal. Moreover, the decades-long challenge to the sector's homogeneity continually undercuts any sense of culmination as new categories of inclusion, such as sexual orientation and disability, assert themselves and underscore the failings of the status quo. The emergence of alternative funding movements over the last several decades—women's funds, Asian-American funds, Latino funds, African-American funds, gay and lesbian funds—as well as of conservative movement philanthropy, have all signaled disappointment with the mainstream philanthropic establishment. But as it has diversified and fragmented, that establishment has become a less coherent negative reference point against which to measure "real progress."

III. The Growth of the Philanthropic Sector and the Significance of Bigness

Alongside diversification, the other dynamic that has most clearly defined the philanthropic sector over the last half century has been growth, which also has not been uniformly distributed or applied in a linear manner. Not long after the Hewlett Foundation's emergence, the philanthropic sector began to experience relatively low levels of foundation creation and growth. The situation was the product of high inflation, stock market reverses, and increased government regulation, conditions that steered some donors into alternative forms of giving. Foundation creation and growth picked up in the 1990s, accelerating in the second half of the decade; it stagnated during the recession of the early 2000s, then rebounded before dipping during the Great Recession. More recently, the total number of foundations, total assets, and combined annual gifts have shot up again, so that all three totals now have surpassed their pre-recession peaks. Total giving by

[9] Michael Anft, "Foundation Staffs Do Not Reflect Diversity of U.S. Population, Report Says," *Chronicle of Philanthropy*, July 25, 2002; Stephen Heintz, Robert Ross, and Luz Vega-Marquis, "Philanthropic Leadership Shouldn't Still Look Like the Country-Club Set," *Chronicle of Philanthropy*, April 11, 2016; D5 Coalition report; "African-American Foundation CEOs: A Look at the Leadership of the Largest Foundations," Center For Effective Philanthropy, July 21, 2015, accessed online at http://effectivephilanthropy.org/african-american-foundation-ceos-a-look-at-the-leadership-of-the-largest-foundations/.

individuals has also crept back up so that it is approaching its pre-recession record level.[10]

One constant amidst the foundation sector's growth has been its top-heavy character; it has remained, over the last half century, in Waldemar Nielsen's evocative phrase, "macro-cephalic." The quality of "bigness" has long defined—and occasionally troubled—philanthropy. In Nielsen's first survey of the largest foundations, the Ford Foundation presided on top, with assets of $3.7 billion in 1968, four times as much as the next largest foundation—a total equal to one-third of the top 33 foundations and a sixth as large as the total assets from all of the sector's 25,000 foundations. In the mid-1980s, even after having lost a third of its endowment's value in the stock market during the recession of the previous decade, Ford was still more than twice as large the next on the list, the MacArthur Foundation.

More generally, then and now, the foundation sector (like the nonprofit sector as a whole) is characterized by the dominance of a relatively small number of very large organizations (in relation to a very large number of smaller organizations). In 1968, the largest 33 foundations owned nearly half the total assets of the entire sector (more than $10 billion of $20.5 billion); according to *Fortune*, the top 7 percent of foundations controlled 90 percent of the assets. In the mid-1980s, those proportions remained nearly the same, even as the total assets ballooned.[11]

Today, the Gates Foundation holds more than three times as much wealth as the next largest foundation (the Ford Foundation); its annual grantmaking is 3.5 times as high (a proportion that will likely continue well into the future, since the foundation must spend the annual contributions made by Warren Buffett within a year of receipt). The share of total assets held by the 50 largest foundations has dropped since the establishment of the Hewlett Foundation—as of 2014, that group held "only" nearly 30 percent of total assets—but this is largely the case because the class of "mega-foundations" has expanded, as discussed below. The concentration is still pronounced.

If the top-heavy nature of the sector has remained relatively constant, the identities of those foundations at the top have not; the upper reaches of the sector have been especially prone to flux. When Waldemar Nielsen examined the largest foundations (those with more than $100 million in assets) in 1968, he noted that only five were on a comparable list from three decades before. When he examined the largest group again in 1984 (now defined as those with more than $250 million in assets), he found that more than a third of his group from 1968 had fallen off the rankings.

Today, an equivalent ranking of the top 36 foundations contains 21 names that did not appear on the 1985 list. The churning continues, accelerated by the introduction of a large cohort of newly established foundations. More than half of the top 30 largest foundations in 2014 were established or received the bulk of their funds since the establishment of the Hewlett Foundation; a third were established or received the

[10] Historical trends from the Foundation Center online; Giving USA 2015 report.
[11] On the other hand, research conducted by the Yale University Program on Non-Profit Organizations found that between 1962 and 1982, the relative asset share of the largest foundations did fall. In 1962, foundations with more than $25 million in assets made up 69 percent of all foundation assets; in 1982, the largest foundations (measured as those with more than $75 million, to account for inflation), held only 48 percent of total assets. Teresa Odendahl, "Independent Foundations and Wealthy Donors: An Overview," in Teresa Odendahl, ed., *America's Wealthy and the Future of Foundations* (Council on Foundations, 1987), 7; Nielsen, *Big Foundations*, 21-22, 24, 78; Nielsen, *Golden Donors*, 4, 7.

bulk of their funds in the last two decades.[12]

The entire field has in fact experienced something of an institutional baby boom over the last several decades. The number of foundations in the U.S. jumped 75 percent from 1990 to 2000, compared to an increase of 47 percent in the 1980s. According to a recent survey from the National Center for Family Philanthropy and the Urban Institute, family foundations created in the last 25 years make up nearly 70 percent of all existing family funds. According to figures from the National Center for Charitable Statistics at the Urban Institute, of 105,405 private foundations that have registered with the IRS as of August 2016, more than 81,000 were created since the 1990s (as measured by IRS ruling date), and they control nearly 56 percent of total assets. In other words, in the philanthropic sector, a disproportionality in chronology amplifies the disproportionality in size. The sector skews big and young.[13]

It was only in recent decades, however, that the trends in bigness and newness aligned, and that the growth in large foundations kept pace with overall sector-wide expansion. In the two decades after Hewlett's establishment, only six new foundations were formed with more than $100 million in assets. Of course, even when there were relatively few of them, these largest foundations—and the largest donations—still attracted a disproportionate amount of public scrutiny and media attention. In December 1955, for instance, in order to avoid penalties for excess accumulation that would kick in after an enormous sale of stock, the Ford Foundation announced "the most massive single unloading of philanthropic resources ever known," grants totaling more than $500 million to a mix of colleges, universities, hospitals, and medical schools, which far exceeded its total grantmaking over its first two decades. And in the early 1970s, after the Robert Wood Johnson Foundation received securities worth more than $1 billion from the estate of its founder and became the nation's second largest foundation, commentators within the health sector worried that because of the gravitational pull of its massive resources, when the foundation developed a national program to address a particular problem, its position would almost instantly become conventional wisdom in the field. This has been precisely the apprehension that has attended the Gates Foundation's status in the sector.[14]

But such outsized institutions and gifts were not part of some broader trend; they were outliers, products largely of singular "dumping" exigencies. This is no longer the case with today's systemic "mega-philanthropy." Its bigness is bigger—and there is more of it. In the mid-1980s, only seven private grantmaking foundations had assets of $1 billion (17 in 2016 inflated-adjusted dollars); in the mid-1990s, that number climbed to 16, with 164 others holding more than $100 million. By 2004, there were 49 billion-dollar foundations, and a decade later, more than 88. And along with mega-foundations, there has also been a surge in mega-gifts. In 1990, there was only a single gift of more than $100 million and 16 gifts of more than $10 million by living individuals (and five more by bequest). In 2000, just seven donors gave more than $100 million and total giving of $17.6 million landed a donor on the *Chronicle of Philanthropy* list of top 50

[12] Nielsen, *Big Foundations*, 24; Nielsen, *Golden Donors*, 411; Odendahl, "Independent Foundations and Wealthy Donors: An Overview," 7; comparison of 2014 Foundation Center list and 1985 list used in Nielsen's *Golden Donors* conducted by the authors.
[13] Stephanie Strom, "New Philanthropists Find Drudgery," *New York Times*, January 12, 2003; National Center for Family Philanthropy's 2015 Trends Study, accessed online at http://www.ncfp.org/permalink/063c7342-92bc-11e5-8f77-00224d7a7b28.pdf; Internal Revenue Service, Exempt Organization Business Master File (501(c)(3) Private Foundations), The Urban Institute, National Center for Charitable Statistics, http//:nccsweb.urban.org.
[14] Odendahl, "Independent Foundations and Wealthy Donors," 2; Nielsen, Golden Donors, 131; Nielsen, *Big Foundations*, 88.

donors. In 2015 (something of a down year for mega-gifts), according to the *Chronicle of Philanthropy*, 23 donors gave more than $100 million and it took gifts of $32.6 million to secure a spot on the top 50 list). In fact, over the last few decades, mega-gifts have come to represent an increasingly large share of total charitable giving, although the recession dampened that trend. Legal scholar Garry Jenkins tracked the increase of grants of over $5 million and $10 million between 1997 and 2008 and found that it was proportionally higher than the increase in the total number of grants or in the total dollar value of all grants. "In 1997, grants of $5 million or more constituted only 9.9 percent of total grant dollars in the sample; by 2008, that percentage had risen to 29.9 percent," he notes. "This growth in the number and value of mega-grants, when compared to the substantially slower growth of the total number and value of all grants, tells us that grantmakers are directing relatively more resources to larger projects."[15]

IV. Philanthropy in an Age of Inequality

The growth of mega-philanthropy does reflect some factors endogenous to the sector: the grand ambitions and competitiveness of today's donors, the contemporary attraction of the "big bet." But the strongest causal factors for the rise of mega-philanthropy are exogenous: Mega-philanthropy is a product of shifts in political economy over the last several decades that have concentrated wealth into the hands of a select few. When the *Forbes 400* list of the wealthiest Americans debuted in 1982, it had just 13 billionaires. By 2006, there were extraneous billionaires who didn't even make the cut-off. In fact, between 1984 and today, the combined assets of all those on the list increased by nearly 2,000 percent. A 2016 survey from Wealth-X confirmed this wealth explosion, counting 69,350 Americans with more than $30 million in assets (a third of the world's ultra-high-net worth population), a 20 percent increase from 2011; another survey concluded that the number of ultra-high net worth individuals worldwide jumped more than 60 percent from a decade ago.[16]

In fact, these figures underscore one of the most striking difference between the present moment and half century ago. In the mid-1960s, the United States was enjoying a period of generally distributed economic growth, settled in the happy valley between the peaks of widening inequality that preceded the two great economic crises of the 1930s and the 2000s. In 1966, the top 0.1 percent of families controlled around 10 percent of the nation's wealth; now that number has grown to around 22 percent, matching the levels of the pre-crash 1920s. The 1960s was a time of a relatively strong middle class and a relatively weak plutocracy (and, not coincidentally, of strong federated mass membership organizations). Over the following decades, the middle class shrank while the wealth controlled by the richest Americans swelled as they captured an increasingly large part of the nation's economic growth. During economic expansion of 2002-2006, three-quarters of all income growth in the United States went to the top 1 percent of the population; 37 percent of

[15] Nielsen, *Golden Donors*, 4-5; Megan Tompkins-Stange, *Policy Patrons: Philanthropy, Education Reform, and the Politics of Influence* (Cambridge: Harvard Education Press, 2016), 2; *Giving USA 1990*, 51, 60, 80; data on *Chronicle of Philanthropy* Philanthropy 50 at https://www.philanthropy.com/interactives/philanthropy-50#id=browse_2015; Garry Jenkins, "Who's Afraid of Philanthrocapitalism?" *Case Western Reserve Law Review* 61 (Spring 2011), 773-774.
[16] Wealth-X, *World Ultra Wealth Report Highlights 2015-2016*, p. 9-10; Knight-Frank, *Wealth Report 2016*, p. 22; Darrell West, *Billionaires: Reflections on the Upper Crust* (Washington, DC: Brookings Institution Press, 2014), 4; Callahan, Givers, 19, 285.

the economic gains between 2009 and 2010 went to the top .001 percent.

Today's philanthropy, and especially its mega-philanthropy, echoes and is implicated in today's skewed economic distribution. Even when it is not directed to "big bets" for social change and instead channeled to traditional institutions—universities, hospitals, museums—such gifts underscore the power of a small elite to impose their preferences and priorities on the public and on private institutions. The gap between the wealthiest nonprofit institutions and the bulk of the sector widens. Some 28 percent of the $40 billion raised by America's universities, for instance, went to the top 20 institutions with the largest endowments. In fact, as the Congressional Research Service recently reported, 74 percent of the $516 billion in total endowment assets held by colleges and universities in 2014 was concentrated in just 11 percent of those institutions. Such maldistribution highlights the gulf between the ultra-wealthy and the rest of us, which has become such a salient focus of contemporary political discourse. As the commercial success of Thomas Piketty's recent scholarly works on the subject can attest, inequality has become a defining feature of how many now view the world.[17]

Unsurprisingly, then, we have seen in recent years a return of the suspicion of philanthropy that dogged foundations in their earliest decades. That suspicion was a powerful force that the sector had to contend with for nearly all of the 20th century. There was a "brief balmy season at the closing decades of the century and at the opening of the new one" in which a largely celebratory attitude toward philanthropy prevailed, but this was a historical anomaly. Now, increasingly, foundations must contend again with questions of their fundamental legitimacy.

Many have done so by engaging the issue of inequality itself. This emphasis is novel. From the earliest roots of modern philanthropy, the chasm between the classes has been a concern; Andrew Carnegie introduced his "The Gospel of Wealth" (1889), after all, by stating that maintaining "the ties of brotherhood" between the rich and poor was the "problem of the age." But Carnegie did not argue this required philanthropy to dismantle inequality—which was, he considered, "not only beneficial, but essential for the future progress of the race." Instead, the wealthy must focus their efforts on extending opportunity, providing "ladders upon which the aspiring can rise." By the 1960s, however, philanthropy's emphasis was not so much on inequality as on the paradox of "poverty amidst plenty." Its work was governed by the assumption that the fundamental structures of the economy were sound, but that its blessings had not been adequately distributed.

Within the last several decades, however, the attention of scholars and policymakers has focused on the problems posed by the very rich as well much as on those posed by the poor, so that questions of wealth distribution have come to the fore. The Ford Foundation's recent grantmaking reorientation around inequality reflects this shift most prominently, but it is becoming a sector-wide preoccupation (so much so that some veterans of inequality research have begun to grumble about faddish entrants into the field). It is

[17] Chrystia Freeland, *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else* (New York: Penguin, 2012), 34-36; Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data," *Quarterly Journal of Economics* (February 2016), accessed online at http://gabriel-zucman.eu/files/SaezZucman2015.pdf; Callahan, *Givers*, 303; Molly Sherlock et. al., *College and University Endowments: Overview and Tax Policy Options* (Congressional Research Service, 2015), accessed online at https://www.fas.org/sgp/crs/misc/R44293.pdf.

too early to tell if there will be long-term programmatic consequences associated with this shift, and whether a rhetorical focus on inequality will lead to a permanent reallocation of funds or changes in the demographic composition of the sector. But it has already cast a brighter light on the power and privileges of philanthropy in society.[18]

The inequality of this second Gilded Age has been fueled by the winner-take-all dynamics that have transformed both the old and new economy. The growth has been most spectacular in finance and the high-tech sector (though it's been evident in real estate, retail, and media as well). In fact, according to the Wealth-X report, the wealth of more than 20 percent of the ultra-high net worth individuals in the United States (with assets of $30 million or more) derived from the finance, banking, or investment industries, the highest of any sector. As we'll see, finance and technology have provided many of the dominant tropes that have shaped thinking about philanthropy over the last decade—and have accounted for much of the largest gifts in recent years.

This was not the case a half century ago. Of the fortunes which created the top 33 foundations studied by Waldemar Nielsen in 1984, only those associated with the Mellon family could be said to have stemmed from banking (although several other donors became involved in finance after making their fortunes). The establishment of the Hewlett and Packard foundations represented the first wave of high-tech philanthropy, from fortunes made in the earliest years of Silicon Valley. (A second wave, led by Microsoft's Bill Gates and Intel's Gordon Moore would come in the late 1990s, followed by a third, exemplified by Facebook's Mark Zuckerberg, at the end of the next decade).

Waldemar Nielsen has pointed out how starkly William Hewlett, a representative of "the new kind of entrepreneur who has come to the fore in the era of high technology," stood out from most of the major donors whose fortunes fed the major foundations of the time. They were essentially Victorian figures who had come of age in a United States that was predominantly rural and small town and their morals and mores matched their upbringings; they were men of limited education and conservative social outlook. In contrast, Hewlett, Nielsen explained, was "highly educated [and] sophisticated in social outlook," with a degree in electrical engineering from Stanford and a fortune that derived directly from his technological expertise. He was, in a sense, a forerunner to the "knowledge workers" who now dominate the upper reaches of the economy, those highly credentialed men and women who have benefited from what journalist Chrystia Freeland has termed the "nerd premium," the oversized gains that accrue to those who can manipulate big data or have been initiated into the mysteries of code.[19]

These possibilities have reshaped the ranks of the philanthropic class, stamping it with a decidedly entrepreneurial ethos. Today, less great wealth is the product of inheritance than ever before in the last half century, matching levels associated with the first Gilded Age at the turn of the last century, when, according

[18] Benjamin Soskis, "The Importance of Criticizing Philanthropy," *Atlantic.com*, May 12, 2014; Andrew Carnegie, "The Gospel of Wealth," in Andrew Carnegie, *The Gospel of Wealth Essays and Other Writings*, ed. David Nasaw (New York: Penguin, 2006), 1, 3, 12; Scott Carlson, "Big Money Comes to Inequality Research," *Chronicle of Higher Education*, September 29, 2016; Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton: Princeton University Press, 2001).
[19] Wealth-X, *World Ultra Wealth Report Highlights 2015-2016*, p. 10; Nielsen, *Golden Donors*, 14, 209; Nielsen, *Big Foundations*, 310; Freeland, *Plutocrats*, 47.

to one tally, 84 percent of the country's millionaires had earned their own fortunes. Indeed, according to a report from UBS and PricewaterhouseCoopers, "In 2000, the number of self-made billionaires overtook the number of multi-generational billionaires for the first time since the first 'Gilded Age'." Of the more than 1,300 worldwide billionaires the study tallied, it identified 66 percent as self-made, compared to just 43 percent two decades before.

It is not surprising, then, that this generation has witnessed a surge in large-scale giving. Historically, self-made wealth has found its way into philanthropic channels. Examining a list of 4,047 millionaires compiled by the *New York Tribune* in 1892, a team of scholars found that "the only variable which seems to have had a profound influence on the propensity of a millionaire to be a philanthropist was the method by which he acquired his wealth. *The 'self-made men' in the sample were much more philanthropic than were those who inherited their wealth*."[20]

What is new today is not the predominance of self-made wealth but the speed at which that self-making occurs—and thus, the age at which those who have accumulated great wealth can apply it to philanthropic ends. The vast majority of the major donors of the 20th century only turned to systematic philanthropy (as opposed to haphazard gift-giving to intimates) late in their careers, most often as a post-retirement project. They created foundations and devoted themselves to their operation (if they chose to do so) only after they had finished their business career. This is no longer so often the case. As the World Wealth Report 2010 from Merrill Lynch-Capgemini notes, more of the world's rich were opting for 'giving while living' strategies; philanthropists are increasingly incorporating their giving strategies into their ongoing wealth accumulation and capital-preservation plans. This has also introduced a new character type into the field—the youthful self-made philanthropist, exemplified by Mark Zuckerberg, who in 2013, along with his wife Priscilla Chan, became the first individual under 30 to head up the *Chronicle of Philanthropy*'s annual list of the top 50 givers. After the couple pledged to give 99 percent of their Facebook shares to charitable causes, former New York mayor Michael Bloomberg, announced that the pledge signaled that "30 is the new 70" for philanthropists. "The traditional approach to giving—leaving it to old age or death—is falling by the wayside, as it should."

It's important to note that Zuckerberg and Chan are still very much the exception. A 2015 Wealth-X and Arton Capital report stated that only 1.1 percent of all ultra-high net worth philanthropists are under 40 years old, while 12.6 percent were over 80; it calculated the average age of the ultra-high net worth philanthropist to be 65. But young mega-donors have gained a disproportionate amount of media attention in recent years, in part because their ranks contains some of the sector's biggest givers, and have exerted an outsized influence on the public discourse surrounding philanthropy, pushing for a "giving while living" approach.[21] It is difficult to isolate the novel characteristics of philanthropic youth from those of the sector

[20] Matthew Bishop and Michael Green, *Philanthrocapitalism: How the Rich Can Save the World* (New York: Bloomsbury Press, 2008), 17; Freeland, *Plutocrats*, 45; Merle Curti, Judith Green, Roderick Nash, "Anatomy of Giving: Millionaires in the Late 19th Century," *American Quarterly* 15, no. 3 (Autumn 1963), 430 (italics in the original), 431; "Wealth-X and UBS Billionaire Census 2013," accessed online at http://files.billionairecensus.com/Wealth-XandUBSBillionaireCensus.pdf.
[21] Benjamin Soskis "To Be Young, Rich, and Philanthropic," *HistPhil*, January 11, 2016; *Financial Times*, December 2, 2015; Merrill Lynch-Capgemini report cited in "Philanthropy Trends: Giving While Living," *Philanthropy UK*, January 7, 2013, accessed online at http://www.atlanticphilanthropies.org/news/philanthropy-trends-giving-while-living; Wealth-X and Arton

in which youthful fortunes were made. But one indisputably new development is that philanthropists are now approaching the vocation with many decades of work ahead of them. Will this encourage more risk-taking or more deliberateness? Will this dampen the attraction of perpetuity? Will the strategies and priorities of young philanthropists change as they grow older—much as voting patterns tend to? Will the spread of "Giving While Living" produce philanthropic results that look any different from traditional practice, in which large-scale giving was usually conducted in the final years of a donor's life, or after his or her death? We simply do not have enough information to answer these questions; they will be crucial to explore in the years ahead.

V. Philanthropy and the Rise of the State

Just as philanthropy has been transformed in the last half century by changes in wealth distribution derived from large-scale shifts in political economy, it has been transformed as well by changes in its relationship to the state.

There have been four major shifts in this regard over the last 100 years. In the first decades of the 20th century, only a small handful of the early philanthropists established institutions with policy-shaping goals—the scholar Judith Sealander, in her work on the subject, identifies only six of them: Andrew Carnegie, John D. Rockefeller Sr., John D. Rockefeller Jr., Edward Harkness, Olivia Sage, and Julius Rosenwald. Though few in number, they commanded the vast majority of the philanthropic resources in the field and were able to achieve some significant achievements building and shaping public institutions. The next shift occurred with FDR's expansion of the federal government's responsibilities for social welfare as a response to the Great Depression. The growth accelerated during the 1950s and 1960s; by the time of the establishment of the Hewlett Foundation, the federal government had already usurped philanthropy's position as the major funder of a vast array of fields in which philanthropy had once been the dominant presence. In the arenas of scientific research, higher education, health and medicine, elementary and secondary education, and social welfare, the sector was coming to terms with its diminished status relative to government. Foundations no longer could claim to be engaged in state building for the state had been built already.[22]

The establishment of the World Health Organization in 1948, the National Science Foundation in 1950, and the National Institute of Health in 1951 all signaled the transferal of primary responsibility for the funding of research and infrastructure development in key fields from the largest legacy foundations to the federal government. At times, the shift precipitated a philanthropic retreat from those fields; shortly after the creation of the WHO, for instance, the Rockefeller Foundation shut down its own international health division. There had been a long history of such exchanges; as one writer noted in 1938, discussing education philanthropy, "When the State steps in, the foundations steps out." But no longer could the State assume, or

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Capital, *Philanthropy Report 2015*, p. 19, accessed at http://www.wealthx.com/wp-content/uploads/2015/12/Wealth-X-Arton-Capital-Philanthropy-Report-2015.pdf.

[22] Judith Sealander, *Private Wealth and Public Life: Foundation Philanthropy and the Reshaping of American Social Policy from the Progressive Era to the New Deal* (Baltimore: Johns Hopkins University Press, 1997), 12.

foundations relinquish, responsibilities as anything like equal partners.

In fact, nonprofit institutions and organizations more generally became increasingly reliant on the federal government and considerably less reliant on foundations or on private donors, especially as the federal government began to contract out services to nonprofits as grantees. By 1973, in this "third-party government" arrangement, foundations grants "amounted to less than 1 percent of all U.S. expenditures on health, education, or social welfare." Soon government provided more revenue to nonprofits (excluding religious congregations) than all forms of private giving from individuals, corporations, and foundations combined. Nonprofit leaders grew concerned that this public funding would threaten the fundamental essence of voluntarism. As one foundation leader worried in 1966, federal oversight had already transformed many nonprofits into "little more than appendages of government."[23]

These changes required foundation leaders to hone a sharper sense of sector-wide identity; they also required them to recalibrate their own sense of status relative to government and to take account of the limits to philanthropy's resources. This did not necessarily translate into a reduction of ambition—it often meant instead that goals became more clearly defined and circumscribed. "The ideology of philanthropic foundations had always placed a high quotient on the values of innovation and impact," writes Steven Wheatley, but in the context of limited philanthropic resources, "these qualities were now elevated to be weapons of institutional self-defense.[24]

The appreciation of philanthropic limits also underscored the strategic importance of leverage. Of course, this was by no means a new concept for the philanthropic sector. From the origins of the modern foundation at the turn of the last century, its leaders have sought to utilize philanthropic resources to prime public spending. The insistence of the Peabody Education Fund, the General Education Board, and the Julius Rosenwald Fund on matching grants, for instance, stemmed from a desire to transfer responsibility for funding public systems of health and education to tax-payers. But the emphasis of these early funders was less on the greater resources that would ultimately be available to government (though they certainly intuited this), than on the dangers of "pauperizing" citizens by leaving them dependent on private benefactors. By the mid-1960s, the focus had shifted to the massive differentials in resources. "[W]hen the National Science Foundation moves into a field," John Gardner, the president of the Carnegie Corporation, announced to his trustees in 1958, "it puts up funds on a scale which dwarfs anything the Corporation can do." In light of this, the Carnegie Corporation needed to "take infinite pains in husbanding our modest income and devoting it to precisely those projects which will have the most leverage in moving one or another field ahead." This anxious combination of modesty and ambition is characteristic of much of the

[23] Steven Heydemann with Rebecca Kinsey, "The State and International Philanthropy: The Contribution of American Foundations, 1919-1991," in Helmut Anheier and David Hammack, eds. *American Foundations: Roles and Contributions* (Washington, DC: Brookings Institution Press, 2010), 222; Pamela Barnhouse Walters and Emily A. Bowman, "Foundations and the Making of Public Education in the United States, 1867-1950," in Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 41; David C. Hammack and Helmut Anheier, *A Versatile American Institution: The Changing Ideals and Realities of Philanthropic Foundations* (Washington, DC: Brookings Institution Press, 2013), 80 (quote); Kristen Grønbjerg and Lester Salamon, "Devolution, Marketization, and the Changing Shape of Government-Nonprofit Relations," in Salaman, ed., *The State of Nonprofit America*, 2nd ed. (Washington DC: Brookings Institution Press, 2012), 554; Olivier Zunz, *Philanthropy in America: A History* (Princeton: Princeton University Press, 2012), 234.

[24] Steven C. Wheatley, "The Partnerships of Foundations and Research Universities," in Anheier and Hammack, eds*., American Foundations: Roles and Contributions*, 91.

discourse from foundation leaders of the period.[25]

For a select group of foundations, the increased dynamism and resources at the disposal of the state prompted a re-engagement with public policy—what might be termed Great Society philanthropy. The earliest foundations, and especially the Rockefeller Foundation, had dabbled in policy change in the past. But this intervention had provoked intense congressional opposition, culminating in the Walsh Commission of 1913-1915, and had resulted in most foundations retreating from policy work to the safer confines of funding disinterested scholarly research and expertise. However, by mid-century, the mounting sense of crisis surrounding race and poverty pushed several foundations to take more aggressive approaches toward the pursuit of social change and public policy seemed an especially promising avenue. This was in part because during the Kennedy and Johnson administrations, a tight network linked the worlds of foundations, academia, and government, with personnel shuttling back and forth among the realms. John Gardner, for instance, moved from the presidency of the Carnegie Corporation and the Carnegie Foundation for the Advancement of Teaching to become Secretary of Health, Education, and Welfare; McGeorge Bundy traveled in the other direction, serving as National Security Advisor for Kennedy and Johnson and then as the president of the Ford Foundation.[26]

Then, philanthropy's impact on policy relied more on the common bonds that had been forged in faculty rooms and social clubs than on an official apparatus of public-private partnership as has been constructed today. (In April 1965, at the Ford Foundation's initiative, Vice President Hubert Humphrey did chair a meeting at the White House with representatives from the philanthropic sector to consider the possibility of a more formalized collaboration. An agreement to establish a liaison between the top management at the Bureau of the Budget and the Ford Foundation emerged from the conversation, but the plan was never officially acted upon). But these affinities were strong and, combined with a common faith in the capacity of large-scale government interventions to achieve social good, produced some important achievements. The Field Foundation of New York, for instance, advised the Kennedy administration and helped shape the amendments to the 1962 Social Security Act. The Ford Foundation's Gray Areas program, a massive urban renewal effort, provided a key model for the Johnson administration's War on Poverty.[27]

Ford, along with a corps of other progressive funders, also threw its support behind the civil rights movement. There is a small mountain of academic literature suggesting the ways in which philanthropy has tended to co-opt and moderate grassroots social justice organizations. That it often sought to do so in the context of the freedom struggle is undeniable; one Ford Foundation internal memo from 1969, for instance, argued for supporting the Congress of Racial Equality (CORE) in an effort to make it "operate within the system," in an effort to stop the organization from becoming more radical, like the Student Nonviolent Coordinating Committee (SNCC). But it is also undeniable that, compared to the quiescence of preceding decades, foundations such as Ford (led by its indomitable president, McGeorge Bundy, who arrived in 1967), the Rockefeller Brothers Fund and smaller funders such as, Taconic and Stern, took a more public and

[25] Gardner quoted in Ellen Condliffe Lagemann, *The Politics of Knowledge: The Carnegie Corporation, Philanthropy, and Public Policy* (Middletown, Conn.; Wesleyan University Press, 1989), 186.
[26] Alice O'Connor, "Foundations, Social Movement, and the Contradictions of Liberal Philanthropy," in Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 334; Zunz, *Philanthropy in America*, 216.
[27] Nielsen, *Big Foundations*, 387; Zunz, *Philanthropy in America*, 215.

aggressive stand in support of the rights of African-Americans than foundations had ever before (the Rosenwald Fund being the lone historical exception). Most controversially, Ford supported a voter registration drive in Cleveland, led by CORE, which helped elect the city's first African-American mayor. Ford also began to invest in advocacy organizations, activist networks, and civil rights litigation supporting the NAACP Legal Defense and Education Fund, and providing early, essential funding for the Mexican-American Legal Defense and Education Fund, the Native American Rights Fund, the Puerto Rican Legal Defense and Education Fund, and the Women's Law Fund. In the assessment of Waldemar Nielsen, generally grudging with his praise, "Never in the history of American philanthropy had anything comparable in scale and aggressiveness to the Ford Foundation's assault on the problems of race and poverty been seen."[28] Ford's activism in the 1960s is frequently invoked as a precedent for contemporary philanthropic engagement with public policy. But we must be careful about how we incorporate Ford into the story of philanthropy's development over the last half century. First, it is important not to exaggerate the extent to which other foundations and private funders operating during the mid-1960s shared the commitment to "activist" philanthropy. Doing so minimizes the significance of the turn toward policy embraced by a much larger swath of the sector in recent decades. Ford's activism, and that of a group of smaller progressive foundations to which it was allied, stood out largely in contrast to the approaches of the other large foundations of the period, which gravitated toward traditional ameliorative remedies to social ills. Waldemar Nielsen estimated that only 10 percent of Ford's outlays could be considered experimental or activist in any respect; the figure for most other large foundations he put at closer to 1 percent. Mary Anna Colwell, a political scientist who reviewed the "public policy grants" of the largest foundations between 1972 and 1975 has documented that Ford accounted for more than half of them.

Indeed, when the Peterson Commission inquired of foundations whether they had made any controversial grants in the years between 1966 and 1968—and this would include nearly all grants meant to influence public policy—only 1 percent of the foundations that responded did so in the affirmative, and the grants they specified made up only 0.1 percent of their total outlays. At the time of the Hewlett Foundation's founding, most foundations simply had little inclination to challenge the status quo.[29]

Second, the activist model that Ford presented actually sparked two divergent reactions that pushed the sector in opposite directions in its engagement with policy over the subsequent decades. One was a political backlash. The voter registration drive funded by Ford caused politicians to worry that they were all vulnerable to foundations' political and electoral whims. Revelations that Ford had directed grants to Robert Kennedy's aides that allowed them to travel abroad after the presidential candidate's assassination signaled to many members of congress that the bonds between partisan politics and philanthropy had become too intimate. Members of congress who opposed the civil rights movement worried that a progressive, unaccountable minority had subverted the will of the people. Wright Patman, a fiery populist Texas representative who would initiate a congressional investigation of foundations in the mid-1960s, wondered

[28] Karen Ferguson, *Top Down: The Ford Foundation, Black Power, and the Invention of Racial Liberalism* (Philadelphia: University of Pennsylvania Press, 2013); Zunz, *Philanthropy in America*, 221; Nielsen, *Golden Donors*, 64.
[29] See, for instance, Tompkins-Stange, *Policy Patrons*, 113 ("During the past ten years, foundation involvement in policy has become highly visible, particularly at the federal level, and to a degree not seen since the 1960s and the Ford Foundation's Gray Areas effort). Nielsen, *Big Foundations*, 414; Nielsen, *Golden Donors*, 68, 423.

whether Ford and its allies had "a grandiose design to bring vast political, economic, and social changes to the nation." Whereas today, a foundation executive might have taken that question as a cue to fire up a discussion of catalytic giving, in 1969 the query for Patman was meant to be a chastisement.[30]

Indeed, Patman believed that "philanthropy—one of mankind's more noble instincts—ha[d] been perverted into a vehicle for institutionalized, deliberate evasion of fiscal and moral responsibility to the nation." To address these fears, which included substantial evidence of tax avoidance and financial malfeasance (especially at smaller foundations), Congress initiated an investigation of foundations that, unlike the investigations of the 1950s, led to significant regulatory action. The Tax Reform Act of 1969 imposed an annual payout requirement on foundations, tightened restrictions on their political activity, required foundations to pay an excise tax to support Treasury oversight, increased reporting requirements, and prohibited self-dealing, among other reforms. The deliberations over the act—and their exposure of the intensity of the critics of philanthropy, who could no longer be safely dismissed as populist cranks or racist reactionaries, as in past investigations—traumatized foundation leaders. The experience encouraged a retreat from politics and policy, and from the support of grassroots social movement organizations in particular, that lasted decades.[31]

If the example of Ford's philanthropic activism, or at least the hostile reactions it engendered, led many foundations to disengage from the political realm, among a certain set of funders it had the opposite effect. They adopted Ford's model and made good on Patman's fears of philanthropic wealth "bring[ing] vast political, economic, and social changes to the nation." These were not, however, Ford's progressive allies but a conservative vanguard that sought to use philanthropy to create a counter-establishment that would challenge the liberal elite presiding over the academy, philanthropy, and the media. The emergence of conservative movement philanthropy in the 1970s complicates a narrative of post-1969 political quiescence. How one tells this story, and where one discovers novelty matters, especially in the context of the current moment. In debates over the recent politicization of philanthropy, each partisan camp advances different versions of the "But they started it first!" argument. Progressives accuse conservatives of "weaponizing" philanthropy while conservatives answer that they merely began arming themselves in a war that had long been waging. Appreciating the tangled historical roots of the contemporary scene forces us to consider the legitimacy of the funding apparatus and practices of our ideological antagonists in the same light as those of our allies.

The conservative philanthropic counter-offensive did not seek to restore some prelapsarian condition of foundation political neutrality. It suspected the pose of non-partisanship as a front for subtle and pernicious progressive allegiance. Instead, it threw aside all pretense of disinterested academic expertise. If the free market was in fact under attack by the forces of the liberal establishment—led by academic, media, and political elites—as conservatives believed, it was the responsibility of conservatives to man the barricades in the defense of capitalism. In other words, they planned to beat Ford at its own game.

[30] O'Connor, "Foundations, Social Movements, and the Contradictions of Liberal Philanthropy," 333; Zunz, *Philanthropy in America*, 224.
[31] Nielsen, *Golden Donors*, 26; Peter Frumkin, "The Long Recoil from Regulation: Private Philanthropic Foundations and the Tax Reform Act of 1969," *American Review of Public Administration* 28, no. 3 (1998), 266-286.

To do so, they took both a traditional and an innovative approach. On one hand, conservatives focused on human capital development and on academic programs, much like the older legacy foundations had done earlier in the century. The main strategic outlet for conservative funding was the think tank. Yet their vision of how this institution would operate was quite different from the existing model, exemplified by the venerable Brookings Institution, dedicated to the pursuit of disinterested academic research and founded with early grants from the Rockefeller Foundation. Institutions like the newly empowered American Enterprise Institute (which had been founded in 1938 but had retreated from explicit partisanship after an investigation by the IRS for its support of Goldwater in 1964) and the newly established Heritage Foundation (funded by small donors and by the beer magnate Joseph Coors) would develop explicitly conservative policies and work closely with advocacy groups to ensure those policies' enactment. On these terms, conservative philanthropy achieved a startling victory with the presidency of Ronald Reagan. After his election, the Heritage Foundation composed a 1,000-page manual for conservative governance, *Mandate for Leadership*; at Reagan's first cabinet meeting, the president handed it out and called it "a blueprint to run the administration." In fact, Heritage officials would boast a few months after Reagan assumed the presidency that over 60 percent of the *Mandate*'s 1,270 policy recommendations had been implemented or were in the process of being so. As Waldemar Nielsen commented, "Even in the heyday of the access of the Brookings Institution to the policy councils of Presidents Kennedy and Johnson, nothing of equivalent presumptuousness had ever been seen." Over the next decade, conservative think tanks continued to draw in funds; during the 1990s, the top 20 think tanks on the Right received well over $1 billion.[32]

[32] Zunz, *Philanthropy in America*, 248; O'Connor, "Foundations, Social Movements, and the Contradictions of Liberal Philanthropy," 345; Jane Mayer, *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right* (New York: Doubleday, 2016), 90; Nielsen, *Golden Donors*, 55; Callahan, *Givers*, 95; Tevi Troy, "Devaluing the Think Tank," *National Interest* 10 (Winter 2012), accessed online at http://www.nationalaffairs.com/publications/detail/devaluing-the-think-tank.

VI. Philanthropy in the Age of Entrepreneurship and Budgetary Austerity

This period of conservative ascendency inaugurated the second shift in the relationship between philanthropy and the state. It involved both a boost and a challenge to philanthropy. On the one hand, the free market ideology that brought Reagan to office reflected declining levels of trust in government, which had been falling steadily since a high point in the mid-1960s. In the space left by the diminished faith in public, tax-supported systems of governance, the allure of the entrepreneur and of market-based approaches germinated. At the same time, Reagan's tax and regulatory policies helped fuel the massive increases in income inequality of the subsequent decades and to create the expanded fortunes and belief in the primacy of private action that would lay the foundations for mega-philanthropy's rise.

If government was the problem for Reagan and his conservative allies, voluntarism was the solution. As one of his advisers phrased it, nonprofit organizations could "pick up the slack" for the cuts in government programs that Reagan pushed. Yet Reagan also slashed funding to nonprofit organizations (especially to those with progressive affiliations, in an effort to "defund the Left"). In the early 1980s, the real value of government support to nonprofits declined by a quarter and did not recover for more than a decade. The administration and the Republican-led Congress also sought to clamp down on nonprofit advocacy and lobbying. Faced with these pressures, many foundations took up a defensive posture; instead of pushing policy change, they turned to help nonprofits deal with the loss of funding caused by budgetary retrenchment. In fact, during Reagan's first term, social welfare spending became the top-ranked category of foundation giving, surpassing health and education. Foundations became briefly that which they had historically defined themselves against—traditional, ameliorative institutions.[33]

Over time, the sector halted this retreat from policy and advocacy. This shift brought about the third period in the relationship between philanthropy and the state, one that mixes elements of the first two in a novel configuration. It combines an acceptance of the limits of philanthropic *resources* relative to those of the state with an acknowledgement of, or an insistence upon, limited governmental *capacities* relative to those of entrepreneurs. It fuses a Gilded Age confidence in the prerogatives of private donors to an understanding of the balance sheets of 21st century governance. The valuation of leverage seems much less deferential to the status of public institutions than it did a half century ago. If philanthropy can no longer engage in state building (at least not in the context of the United States), it has thrown itself more recently into the project of state-shaping.

The start of this shift coincided with and was fed by the trend toward mega-philanthropy and the veneration of the entrepreneur. Characterized by new techniques and instruments of collaboration and contact between government and private philanthropy, this third period featured many new funders who were attracted to policy change. It also brought forward older, more established foundations that saw the need to increase their commitments to advocacy. In 2004, for instance, the Pew Charitable Trusts

[33] Aaron Horvath and Walter Powell, "Contributory or Disruptive: Do New Forms of Philanthropy Erode Democracy?" in Rob Reich, Chiara Cordelli, and Lucy Bernholz, eds., *Philanthropy in Democratic Societies: History, Institutions, Values* (Chicago: University of Chicago Press, 2016), 99; Wolfgang Bielefeld and Jane Chu, "Foundations and Social Welfare in the Twentieth Century," Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 175; Karen Paget, "The Big Chill," *American Prospect*, May 1999; Grønbjerg and Salamon, "Devolution, Marketization," 556.

transformed from a private foundation into a private charity so that, under the regulations governing nonprofits, it could devote more of its resources to policy advocacy. In this case, we again encounter the question of scale's relation to novelty: we must consider how the greater number of policy-engaged funders, with greater resources at their disposal, shifts philanthropic practice into uncharted territory.

This intensification and broadening of the pursuit of policy change happened gradually, as funders and foundations overcame entrenched resistance to political engagement. It's difficult to recall, for instance, given how aggressive the Bill and Melinda Gates Foundation's advocacy campaigns have become, that in the first decade after its establishment in 2000 it was considerably less comfortable with such work. In her recent book, political scientist Megan Tompkins-Stange notes that the foundation initially held a "very strong bias" against policy advocacy. It even named its Washington, D.C., outpost its "East Coast" office to avoid an undue association with attempts to influence federal policy. And yet within the last decade, that discomfort with policy has dissipated and transformed into something more like zeal, not just at the Gates Foundation, but for many other large foundations and individual donors. According to a recent survey by Kristen Goss of donors who had signed the Giving Pledge, or who had recently appeared on the *Chronicle of Philanthropy*'s or the Foundation Center's annual lists of top givers, more than half "have serious policy interests: they are seeking to inform, advocate for or against, or reform the implementation of public policy through charitable, advocacy, and/or issue-specific electoral donations."[34]

It is difficult to isolate the precise reasons for this shift. To some extent, they vary depending on the particularities of different fields and program areas. In health philanthropy, for instance, foundations had largely avoided engaging systematic reform or challenging the medical establishment after a failed effort in the 1930s led by the Milbank Memorial Fund. But the convergence of the Clinton administration's campaign to tackle health care reform with the emergence of the Robert Wood Johnson Foundation (RWJF) as one of the nation's largest foundations (that happened to have a focus on health) led to a decades-long campaign led by RWJF and a number of other funders (including some even more aggressive with regard to advocacy, such as Atlantic Philanthropies), to push for comprehensive health care reform. Their efforts culminated in the passage of the Affordable Care Act in 2010.[35]

As American philanthropy has increasingly been directed overseas—between 1995 and 2005, foundation giving to international projects increased by 80 percent—and as an understanding of the transnational nature of the most significant issues facing the world became more prominent, donors have also come to appreciate that global health offers even greater opportunities for influencing policy than in the domestic sphere. This has come about both because of advances within biomedical science and because of the perceived centrality of health to socio-economic development. Donors are therefore aware that small upticks in budget lines directed toward global health policy can have dramatic impacts. They believe that they can have a hand in nation building in the developing world, especially in the construction and management of the global public health infrastructure.

[34] Zunz, *Philanthropy in America*, 262; Kristin A. Goss, "Policy Plutocrats: How America's Wealthy Seek to Influence Government," *PS: Political Science & Politics* vol. 49, no. 3 (July 2016), 442; Callahan, *Givers*, 77.
[35] Daniel Fox, "Foundations and Health: Innovation, Marginalization, and Relevance since 1900," in Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 125.

The Bill and Melinda Gates Foundation, for instance, has spent more than $15 billion on global health programs to date, and is in fact responsible for much of the growth in global health philanthropy in recent decades. This prominence has elevated the Gates Foundation to quasi-state status in its collaboration with transnational health policy organizations such as the World Health Organization—for instance, Gates sits on the board of GAVI, the vaccine alliance to which it has given more than $4 billion, along with the WHO, the World Bank, and UNICEF. Gates appears to have understood the configuration of the increasing resources that are now being spent by the governments of the Western world on global health, and it has shrewdly leveraged its own wealth and Gates' reputational capital to increase and channel governmental funding to its preferred ends. The result has been that Gates, as the largest single non-state donor, has been able to influence global health and development policy to support its own institutional goals.[36]

There were a host of other factors that pushed the philanthropic sector as a whole to engage more readily with policy. The sector-wide preoccupation with demonstrating impact and leveraging limited resources, to be discussed further below, pointed in this direction. And as 1969 receded into the past, the chilling effect it had on funders diminished. At the same time, the activism of the 1960s, much of it nourished by philanthropy, had created new constituencies, funding areas, and nonprofit networks in which to invest. As organizations devoted to consumer protection, environmental conservation and justice, women's rights, patients' rights, and the rights of gays, people of color, and other minorities matured, they became more sophisticated about how to engage local, state, and federal government and provided funders with more options to push for policy change.

The emergence of more sophisticated institutions and organizations on both the political right and left, and the growth of both conservative and libertarian philanthropy and social justice philanthropy signaled an enhanced ideological and political differentiation within the nonprofit sector. This diversity fueled a sort of arms race, in which activists and funders on the Right and on the Left appropriate each other's innovations and push ahead to make new ones.

It started in the late 1960s, when conservatives modeled their philanthropic counter-mobilization on Ford's activism. As Jane Mayer has recently written, conservatives took Ford's support for public-interest litigation as a lesson in "how philanthropy could achieve large-scale change through the courts while bypassing the democratic electoral process." Progressives soon registered the success of conservative philanthropists and took their work as a model for the philanthropic reinvigoration of the Left. Progressively aligned foundations invested in research into the strategies of conservative donors, which underscored the importance of providing general operating support and funding with a long-term vision of social change in mind. By the new millennium, progressives also began to develop their own advocacy-oriented think tanks, such as the Center for American Progress (CAP), with support from donors on the left. These think tanks pushed their own innovations, which were then adopted by those on the Right. CAP, for instance, created a separate "social welfare" 501(c)(4) arm to handle most of its lobbying and soon after, nearly all of the major conservative and libertarian think tanks had sprouted "social welfare" appendages as well. The Left also intuited early the importance of discretion and secrecy to progressive donors who wished to support policy advocacy. In 1976, a donor-advised fund, Tides Foundation, was established that could channel philanthropic

[36] Joan E. Spero, *The Global Rise of U.S. Foundations* (New York: Foundation Center, 2010), 10-15.

resources to progressive causes while maintaining donor anonymity. Conservatives took note and in 1999 created DonorsTrust, which provides similar services for conservative philanthropists.[37]

The military metaphors often invoked to describe the philanthropic interventions into the policy realm of the last few decades, however, must contend with the increasing diversification of the field of funders. In one respect, the scene does now resemble a Napoleonic battlefield, with the Koch network of conservative and libertarian donors and the Democracy Alliance of progressive donors arrayed on opposite sides. But in other respects, the situation is now much more like a messy insurgency, with donors across the ideological spectrum, including a corps of technocrats who do not fit neatly into the Left-Right dichotomy and are willing to make alliances with either camp, all utilizing policy in combat against the status quo. (Philanthropic investment in criminal justice reform provides an especially good example of this.)

Philanthropy's engagement with policy also tracks, and has gained momentum from, the flooding of money into the political realm more generally in recent decades. The undermining of post-Watergate campaign finance reforms through various loopholes, culminating in the *Citizens United* Supreme Court decision of 2010, helped orchestrate a convergence between the realms of philanthropic and political giving, as with the channeling of "dark money" to 501(c)(4) "social welfare" organizations. At the same time, the nation's leading industries have become increasingly sophisticated about the strategic import of governmental engagement. Corporate lobbying has increased steadily, to some $2.6 billion in 2015. In the process, corporate leaders who also doubled as philanthropists became more comfortable with the mechanisms available to shape the political process.[38]

There is considerable evidence that suggests that the money sluicing around the political system has pushed politicians further to the ideological poles (and especially to the Right). And in fact, another reason for the shift toward engagement with policy is the dramatic increase in levels of partisanship over the last several decades. As Steven Teles, Heather Hurlburt, and Mark Schmitt pointed out in a 2014 article in the *Stanford Social Innovation Review*, this trend has undermined the model of policymaking that had been developed by the "learned foundations" in the first half of the 20th century and which informed much grantmaking in the century's final decades as well, in which foundations helped supply "bipartisan solutions to expert-assessed problems." This model granted foundations a prime position as purveyors and supporters of disinterested inquiry and analysis. It validated philanthropy's disengagement from politics—even granting it a normative cast.

As we have seen, this model began to erode in the 1960s, both with the Ford Foundation's investments in advocacy groups and with the development of conservative movement philanthropy, which attacked the very notion of philanthropy working on behalf of a nonpartisan "public interest." These developments have

[37] Debra Minkoff and Jon Agnone, "Consolidating Social Change: The Consequences of Foundation Funding for Developing Social Movement Infrastructures," in Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 349; Callahan, *Givers*, 241-242; *Social Justice Philanthropy: The Latest Trend or a Lasting Lens for Grantmaking?* (Washington, DC: National Committee for Responsive Philanthropy, 2005), accessed online at http://www.ncrp.org/files/publications/Social_Justice_Philanthropy-Low%20Res.pdf; Benjamin Soskis, "In Political Philanthropy, We Should All Fear the Dark," *Chronicle of Philanthropy*, April 2016; Mayer, Dark Money, 352.

[38] West, *Billionaires*, 33-54; Lee Drutman, "How Corporate Lobbyists Conquered American Democracy," *Atlantic.com*, April 20, 2015, accessed online at http://www.theatlantic.com/business/archive/2015/04/how-corporate-lobbyists-conquered-american-democracy/390822/.

forced more foundations and philanthropists to enter the partisan fray and to take clear sides in battles over policy. Or perhaps they have simply exposed philanthropy's partisan inclinations that were hiding behind claims to disinterestedness. In recent years, more funders have moved beyond supporting think tanks and academic institutions to more direct means of shaping policy, through advocacy. Teles, Hurlburt, and Schmitt, for example, cite the Atlantic Philanthropies' support for grassroots efforts on behalf of health care reform, which helped bring about passage of the Affordable Care Act.[39]

VII. Philanthropy and Education Reform: A Case Study

Philanthropy's engagement with K-12 education provides a useful case study for tracking these shifts. In fact, no sector has experienced them more dramatically in recent years; over the last three decades, foundation funding of education has nearly quadrupled. Of course, elementary and high school education has always been a central area of focus for American philanthropy. Elementary education was the first investment objective of the newly established philanthropic foundations at the turn of the last century. From the 1890s with the Peabody, Slater, and Jeanes funds and in the subsequent decades with foundations funded by John D. Rockefeller, Andrew Carnegie, and Julius Rosenwald, philanthropy focused on improving the Negro schools in the American South, and sought to increase public funding of education more generally in the region.[40]

By the 1940s and 1950s, however, these legacy foundations had lost much of their interest in the improvement of K-12 education. Elementary and secondary public education was then almost exclusively a matter for states and localities to fund and manage, so there was little national K-12 education policy to shape. The Ford Foundation's urban reform program in the 1960s did include a school reform component: an attempt to support community-based schools, most controversially in the Ocean Hill-Brownsville district in New York. Ford's association with the movement alienated teacher unions and attracted the scorn of congressional critics. In the wake of the deliberations over the Tax Reform Act of 1969, large foundations backed away from these sorts of major, aggressive investments in K-12 education.

By the late 1980s, however, due to the impact of the 1983 Department of Education report "A Nation At Risk," the federal government began efforts to address the perceived crisis in elementary and secondary education across the United States. This led to the emergence of a bipartisan political effort at the national level, led by the administration of George H.W. Bush and with the collaboration of the National Governors Association, headed by then-Governor Bill Clinton, aimed at reforming K-12 education. This development in turn revived the interest of the large foundations in influencing national education policy. They first jumped on the bandwagon of "systemic reform," which sought, as the term suggests, to reform the entire K-12 system. The approach was supported by the Clinton administration and many legacy foundations, including Rockefeller, Carnegie, Pew, Atlantic, Wallace, and MacArthur, set aside programmatic funding for K-12. The

[39] Tompkins-Stange, *Policy Patrons*, 26; Steven Teles, Heather Hurlburt, and Mark Schmitt, "Philanthropy in a Time of Polarization," *Stanford Social Innovation Review* (Summer 2014), accessed online at https://ssir.org/articles/entry/philanthropy_in_a_time_of_polarization.
[40] Tompkins-Stange, *Policy Patrons*, 17.

program officers appointed to supervise these investments worked closely with the academic leaders of the reform movement.

Most ambitiously, in 1993, Walter Annenberg announced a $500 million gift for public education, the largest ever of its kind, which was directed to 18 locally designed sites across 35 states; matching grants brought in another $600 million from other foundations, universities, and businesses. But by most accounts, the Annenberg Challenge, spread too thin, failed to achieve systemic change and the reform movement more generally ran out of gas by the end of the decade. Most of the foundations that had backed reform efforts abandoned their K-12 programs, with their leading program officers leaving the sector and taking refuge within academic institutions. It was around this point, as the older reform movement waned, that K-12 philanthropy experienced what one scholar has called a "changing of the guard." The 2001 No Child Left Behind Act, which further increased the federal government's role in education, afforded these funders an exceptional opportunity to participate in national policymaking.

Prior to 1990, the most active foundations in education were located predominantly on the East Coast and had their origins in the first half of the 20th century. But by the turn of the new century, a new corps of funders focusing on K-12 had emerged, spread throughout the nation. At their forefront were mega-foundations with living donors such as the Gates, Broad, Walton, and Dell foundations, along with Bloomberg Philanthropies, which have all thrown their weight behind different elements of the new education reform movement. Education reform favors school choice (and especially charter schools), high-stakes testing, merit-pay for teachers, and other market-based approaches. According to calculations by political scientist Jeffrey Snyder, by 2005, the largest of these new funders outspent the older foundations on K-12 education—giving by the Walton Family Foundation had doubled in those years, education grantmaking by the Gates Foundation had tripled, while Broad, Dell, and Robertson increased their grantmaking by more than a factor of ten. At the same time, grantmaking from Carnegie, Ford, Wallace, Kellogg, and Annenberg declined by nearly a third. By 2010, grants from the Gates and Walton foundations accounted for more than a quarter of total K-12 philanthropy in the sector. These funders combine their philanthropic donations with their political and lobbying giving, often channeled through nonprofits, to create a powerful force for policy change.[41]

Indeed, the education-focused mega-foundations became increasingly adept at the arts of political advocacy, targeting the federal, state, and even the local levels, in efforts to sway referenda or influence school board elections. According to research by Sarah Reckhow and Jeffrey Snyder, nearly twice as many inflation-adjusted dollars went to groups conducting national-level advocacy or policy research on education in 2010 as in 2000. "Moreover," these scholars note, "national advocacy funding grew more than 23% faster than total giving over the decade, suggesting the increased emphasis on this giving did not merely stem from more granting overall." The growth was especially significant in the later years of that decade. According to Megan Tompkins-Stange and Sarah Reckhow, between 2005 and 2010, the Gates and Broad foundations more than doubled their giving to national advocacy groups. In 2012, the Broad Foundation initiated a major strategic reorientation which resulted in a decision to channel as much as half of the foundation's resources

[41] Jeffrey W. Snyder, "How Old Foundations Differ From New Foundations," in Frederick M. Hess and Jeffrey R. Henig, eds., *The New Education Philanthropy: Politics, Policy, and Reform* (Cambridge: Harvard Education Press, 2015), 29-53.

toward advancing policy-related efforts at the federal and state levels. Perhaps the most significant achievement of these advocacy campaigns was the institution of Common Core, a nationally agreed upon set of academic standards that was heavily funded and promoted by many of the large foundations associated with the education reform movement. Common Core is perceived by its supporters to be the fundamental basis of the federalization of K-12 education policy, since if implemented it will ensure that all schools are committed to the same outcome standards. Yet it is worth noting that these sorts of short-term political accomplishments can be Pyrrhic victories, since they tend to galvanize their own opposition; and in fact, the pushback to Common Core, from both the Left and Right, has been intense.[42]

Just as effective as philanthropy's support for political advocacy was their seeding of key administrative positions at the national, state, and local levels. President Obama's Secretary of Education, Arne Duncan, took many of his key deputies from the Gates Foundation or the foundation's grantees. The Broad Foundation funds leadership academies to place school managers and superintendents favorable to reform in key districts across the nation. The foundation claimed, for instance, that in 2009, 43 percent of all large urban superintendent openings were filled by Broad Academy graduates. These pipelines, personnel networks, and aligned ideologies allowed for close partnerships between the education reform funders and governmental agencies. In 2009, for instance, the Department of Education unveiled Race to the Top, a program in which states competed for stimulus funds by meeting a set of education reform criteria; Gates assisted many of the states in preparing proposals for the funds. The influence of the big foundations on a policy issues had perhaps never before been so publicly displayed in Washington.[43]

The last decade has revealed some key differences between this "new guard" of K-12 funders and the older foundations, although there is also evidence that the "old guard" is adopting some of the practices of the new. First, the new mega-foundations gave in considerably larger amounts. Second, these new education funders took a more "top-down" approach than their predecessors, designing initiatives and programs and then finding grantees to implement them (the Annenberg Challenge, which took a more "bottom-up" approach with its grantees, leaving each to determine strategy, served as a powerful cautionary tale for these funders). Third, they sought to mount a jurisdictional challenge to the public school system, funding organizations that provided an alternate model for running schools (most prominently charter schools), as well as organizations that provide alternative sources of human capital outside the traditional educational establishment. Education scholars Sarah Reckhow and Jeffrey Snyder have determined that among the top 15 education foundations, "Funding for traditional public schools dropped from 16% of grant dollars in 2000 to 8% in 2010, while funding for charter schools rose from around 3% in 2000 to 16% in 2010." The effort is geared not toward reforming the education from within, but toward disrupting it from without. Finally, recent funding is more concentrated, flowing to a denser network of common grantees, with the top grantees receiving an even greater share of total grant dollars. Sarah Reckhow and Jeffrey Snyder estimate that the top five grantees of the 15 largest education foundations in 2010 received over $150 million, 18

[42] Sarah Reckhow and Jeffrey W. Snyder, "The Expanding Role of Philanthropy in Education Politics," *Educational Researcher* 43, no. 4 (May 2014), 186-195; Callahan, Givers, 213; Tompkins-Stange, *Policy Patrons*, 44.
[43] Joanne Barkan, "Got Dough? How Billionaires Rule Our Schools," *Dissent* (Winter 2011), accessed online at https://www.dissentmagazine.org/article/got-dough-how-billionaires-rule-our-schools.

percent of the grant dollars distributed by the group.[44]

The shifts within education reform philanthropy highlight several of the developments in funders' engagement with policy in recent years that can make strong claims to novelty and that extend into many other policy areas as well. For one, public-private partnerships and funding collaboratives have become more formalized, complex, and institutionalized, when compared to the informal relational networks of a half century ago between policy actors and funders. The initiative to partner comes just as often now from within governmental agencies, which are seeking supplemental resources in light of reduced discretionary budgets, as from without. In other words, if philanthropists are becoming more sophisticated about utilizing the levers of change available to them to influence government, government is becoming more sophisticated about leveraging philanthropy as well. In 2003, with support from the Michigan Council of Foundations, the state established the Governor's Office of Foundation Liaison, which "helps educate state officials about foundations, matches grantmakers with government officials and supports the development of partnerships between them, and attracts national grant dollars to the state." A 2010 study identified 18 examples in which local or state governments employed a designated office or liaison in order to foster public-private partnerships; there are also several within federal departments, including HUD and the Department of Education. The creation of the Social Innovation Fund (SIF) in 2009 represented a new type of public-private partnership initiated in the interest of scale, one that placed foundations in the unfamiliar role of intermediate grantees. Housed within the Corporation for National and Community Service, the SIF had an initial budget of $50 million, which it granted to a number of foundations, which then re-granted the funds to nonprofit service providers, who are required to provide a funding match. President Obama has also used the bully pulpit of the White House in newly aggressive ways to recruit philanthropic support for his campaign to assist young men of color, the My Brother's Keeper initiative.[45]

These partnerships are by definition public; there is a performative element in this intersection of philanthropy and politics, utilizing the high profile of government office as a means of recruiting additional donors to a cause. But there is also a subterranean intersection of politics and philanthropy as well, which in the last few decades has also deepened through the use of tax-exempt nonprofits—including 501(c)(4) social welfare organizations, donor-advised funds, and business leagues—to channel philanthropic dollars to electoral politics anonymously. Although donors have hid behind nonprofits to push policy in the past (as with the Du Pont family and the American Liberty League), the 1996 election witnessed the first occasion in which "a major corporation used a tax-exempt non-profit as a front-group" for political donation. Yet the flood of dark money flowing through the nonprofit sector to influence elections did not intensify until 2010, in part due to the Supreme Court's decision in the *Citizens United* case, which allowed unlimited corporate donations to election campaigns. This enabled philanthropic dollars to influence elections not merely

[44] Tompkins-Stange, *Policy Patrons*, 18; Snyder, "How Old Foundations Differ 31, 45; Reckhow and Snyder, "The Expanding Role of Philanthropy in Education Politics," 190, 191.
[45] Alan Abramson, Benjamin Soskis, and Stephen Toepler, Public-Philanthropic Partnerships: Trends, Innovations, Challenges," (Council of Foundations, 2012), accessed online at http://www.cof.org/sites/default/files/documents/files/Final%20GMU-Report%20on%20PPPs.pdf; James M. Ferris and Nicholas P.O. Williams, "Offices of Strategic Partnership: Helping Philanthropy and Government Work Better Together," *The Foundation Review* 5, no. 4 (2014), 24-36; *Washington Post*, February 11, 2014.

indirectly through think tanks, academic programs, and advocacy organizations but directly and with no donor disclosure via social welfare organizations. Money poured in, largely from the Right, targeting state assembly and judicial races, as well as national elections. In 2006, only 2 percent of outside political spending came from 501(c)(4) social welfare organizations. By 2010, that number had climbed to 40 percent. In the 2016 election, the amount of dark money channeled through nonprofits has fallen from its 2012 level, but still will likely reach close to $150 million.[46]

Given the surge in dark money, it is not surprising that suspicions regarding philanthropy's engagement with politics have also intensified. Yet the more public partnerships between philanthropy and government have also stirred apprehensions. In fact, rising concerns about philanthropy's possible subversion of democracy have closely tracked the sector's recent turn toward policy advocacy. This is less a novel development than a return to roots—to the more censorious climate of the mid-1960s (and before that of the Progressive Era), but with the added amplification of the stimulant of mega-philanthropy. One anonymous historian made reference to how contemporary developments both echo and outpace precedents in the sector in a comment to education scholar Megan Tompkins-Stange. "Gates is strong-arming public policy in a way the Ford Foundation never would have thought of doing," the source remarked. "The Gates people make Mac Bundy look like a midget."[47] Indeed, what seems most novel about the current moment is not the tension between philanthropy and democracy itself, but the convergence of forces accentuating that tension. Grantmakers have had to contend with budgetary retrenchment and diminished resources for discretionary public spending in the past, and their response has been to supplement government support and prop up institutions or organizations that might topple without it. There have also been periods before where governmental authority was held in relatively low regard—although the trough into which public opinion toward government has fallen now seems particular deep, hollowed out by political dysfunction and hyper-partisanship. But now the culture of fiscal austerity and the declining status of the public sector have been amplified by the growth of mega-fortunes and the celebration of the entrepreneur. These are the hallmarks of what its critics call "neo-liberalism" and they have given a significant boost to the forces of privatization, even if the resources at the disposal of the state still vastly outweigh those available to private philanthropy. In the funding of scientific research and of public higher education, for instance, private philanthropy has increased significantly even as federal spending has stagnated or decreased. In a 2012 paper, MIT's Fiona Murray estimated that private philanthropic support of university-based scientific research has been growing at a rate of nearly 5 percent annually and represents 30 percent of all university science funding. As the *New York Times* declared in a 2014 article, "American science, long a source of national power and pride, is increasingly becoming a private enterprise."[48]

[46] Mayer, *Dark Money*, 81, 145 (quote), 248; Goss, "Policy Plutocrats," 443; "Total cost of 2016 election could reach $6.6 billion, CRP predicts," *OpenSecrets.org*, October 25, 2016.
[47] Tompkins-Stange, *Policy Patrons*, 101, 116; Soskis, "Importance of Criticizing Philanthropy."
[48] This is a central argument of Callahan's *Givers*. Bishop and Green, Philanthrocapitalism, 10; Horvath and Powell, "Contributory or Disruptive," 99, 101; William J. Broad, "Billionaires with Big Ideas are Privatizing American Science," *New York Times*, March 15, 2014; Fiona Murray, "Evaluating the Role of Science Philanthropy in American Research Universities," National Bureau of Economic Research Working Paper No. 18146 (2012), p.1.

VIII. Philanthropy and the Market: The Rise of Strategic Philanthropy

As suggested above, the elevated status of entrepreneurship within the strategic and rhetorical arsenal of philanthropy is one of the defining elements of the last decade. But it is useful to think more broadly about how philanthropy has defined itself through and against the market over the last half century.

From its origins at the turn of the last century, philanthropy has developed close ties with market forces and business practice. The philanthropic foundation borrowed much, for instance, from the organization of the industrial corporation, with its structures and procedures of rationalization and bureaucratization. The notion of stewardship that animated many donors of the period insisted that the talents and capabilities that produced a fortune should be applied toward its charitable redistribution—that good businessmen made good philanthropists. Grants were even occasionally referred to as investments. Yet the dominant metaphors that fueled Gilded Age and Progressive Era philanthropy were not primarily corporate or even capitalist—they were scientific and academic. Even more than Standard Oil or Carnegie Steel, the institution that the early foundations modeled themselves after was the German research university, with its commitment to disinterested, expert inquiry. The model helped to sustain the early foundations' focus on public health and medical research. It was also attractive because foundations recruited so heavily from the ranks of university leadership. As Dwight Macdonald wrote in 1956, foundation leaders "have proved more responsive to the values…of the academic concerns on whose borders they operate than to those of the rich men who founded them."[49]

In the last half century, however, the market has risen as a rival paradigm, surpassing scientific or academic norms as the dominant means of understanding philanthropic practice. This market-based orientation has taken on many forms and assumed many names: from venture philanthropy to strategic philanthropy to philanthrocapitalism to social entrepreneurship to hacker philanthropy. There is considerable overlap between these categorizations, but there are also important distinctions between them, reflecting both the particular historical moments in which the labels developed and the dominant modes of industry, commerce, and accumulation that they modeled. There are many other terms whose history we do not consider below—in the time it has taken you to read this paragraph, it is likely a few more have been added to the philanthropic lexicon. This taxonomical profusion is itself a development worthy of consideration. For much of the century, "scientific" philanthropy sufficed as a concept to explain philanthropic practice. Then over the last few decades, the pace of the creation of new terms accelerated dramatically. It is difficult to determine whether this has been due to the fact that the actual pace of change within the sector has accelerated, whether the sector is now experiencing heightened self-consciousness, or whether the sector is simply more sophisticated at self-branding. Even if many of these buzzwords are ephemeral, collectively they point to a novel feature of the contemporary philanthropic landscape: the emergence of a constellation of journalists, researchers, and consultants scrutinizing the sector, seeking to make sense of its trends, to prod it to move in certain directions, and to profit from that analysis and advice. This expanding support industry has fostered a certain degree of faddishness. The identification of certain

[49] Macdonald quoted in Steven C. Wheatley, "The Partnerships of Foundations and Research Universities," in Anheier and Hammack, eds., *American Foundations: Roles and Contributions*, 74.

trends as novel and therefore as worthy of study or emulation has seemed a reliable way for grant-seekers to attract support from the foundations on whom they depend.

Scientific philanthropy's status as the dominant paradigm lasted well into the 1960s, with its emphasis on addressing root causes through disinterested research. But already, by the time that the Hewlett Foundation was established, a more corporate, enterprise-based mode of thinking was on the ascent. This reflected the composition of the sector's leadership, which increasingly derived from the corporate sector. In the late 1960s, for instance, at the end of his life, Charles Mott brought in his grandson-in-law, who had experience as a management consultant, to apply the methodology of corporate planning to the foundation's programming. By the 1970s and 1980s, the percentage of foundation staff hired from university positions had dropped by half; managerial expertise became especially valued, pushing aside the preeminence of the behavioral sciences as the background of choice for leadership positions. These trends continued and have even accelerated in the last two decades, culminating in 2009 with Ford's selection of Luis Ubiñas as its new president, who had previously served as a director of the consulting firm McKinsey & Company. In a 2011 article, legal scholar Garry Jenkins examined the professional backgrounds of the three largest private foundations for each of the last five decades. "[T]his is the first time in at least half a century," he noted, "that executives who spent the bulk of their careers in the for-profit sector have so dominated the top echelons of philanthropic foundation posts."[50]

By the 1990s, as a self-consciously business orientation took hold of much of the philanthropic sector, it gained more theoretical and strategic coherence. It gained a semi-official designation: "strategic philanthropy." The key theoretician and evangel of strategic philanthropy was Harvard Business School's Michael Porter; the article he wrote with Mark Kramer in the November 1999 *Harvard Business Review*, "Philanthropy's New Agenda: Creating Value," provided the movement's clarion call. That Harvard Business School was now the locus for philanthropic innovation was itself an important testament to developments in the sector; since its first publication in 1922, the term "philanthropy" had not appeared in the journal's titles till the 1990s, and the word itself had cropped up in only a little more than a dozen articles before the 1980s. But as Porter and Kramer made clear, business strategy offered philanthropy its best hope of achieving impact—which was the sole criteria for success. Too often, they wrote, foundations had invoked "strategic giving" to designate "almost any grant made with some purpose in mind." In business, however, "a company's strategy lays out how it will create value for its customers by serving a specific set of needs better than any of its competitors." Foundations must begin to do the same. In order to earn the designation of "strategic," they must operate like well-run corporations. Business enterprise had long served as a model for philanthropy, but the association between the two was now expressed even more concretely and instrumentally, the stuff of bullet-points and not merely casual metaphors. As Porter and Kramer made clear, a rupture was needed with past practice; by insisting on a "*new* agenda," the authors were forging a link that would grow even more firm over the next decades between claims to historical novelty, the pursuit of

[50] Nielsen, *Golden Donors*, 302-303; Wheatley, "The Partnerships of Foundations and Research Universities," 91; Tompkins-Stange, *Policy Patrons*, 66; Jenkins, "Who's Afraid of Philanthrocapitalism?" 808.

philanthropic effectiveness, and the adoption of business models.[51]

In subsequent elaborations, strategic philanthropy came to signify a set of emphases that were not necessarily novel in and of themselves, but were new in the rigor with which they were held. Paul Brest, perhaps the movement's most articulate spokesman, defined it as an approach in which "donors seek to achieve clearly defined goals; where they and their grantees pursue evidence-based strategies for achieving those goals; and where both parties monitor progress toward outcomes and assess their success in achieving them in order to make appropriate course corrections." Of course, the largest, most professional foundations have always sought to define goals, determine reasonable strategies to pursue them, and to monitor progress and assess success. An outcome orientation is nothing new. Piles of fading mimeographed program reports in the Rockefeller Archive Center attest to this. Indeed, the whole idea of a "program area," established by the first modern foundations, is a strategic notion of great importance. The programs of the early foundations were carefully thought-out in relation to their perceived inherent importance, to their prospects for success in implementation, and to their philanthropic opportunity cost (economic costs of research and implementation, situational analysis of the likelihood of other parties entering the program space, etc.).

But strategic philanthropy has encouraged a few key tenets that have pushed the sector as a whole in new directions, attracting both new funders such as Michael Bloomberg and older ones such as the Rockefeller Foundation under Judith Rodin (though plenty of other funders have remained immune to it). The first is a donor-centric model of the grantee-grantor relationship. This has taken several shapes. Porter and Kramer, for instance, urged foundations to serve not merely as capital providers but as "fully engaged partners…improving the grantee's effectiveness as an organization." The key assumption here is that funders had, or should cultivate, key insights into that effectiveness; they were to take on something of the role of management consultants for the sector and not defer to the assessments of their grantees. Taken a step further, strategic philanthropy has led many foundations to take the initiative in the grantmaking process. In the mid-1980s, Waldemar Nielsen could express concern that too many foundations were "reactive" and instead of identifying "needs not yet perceived," merely responded to "the felt needs of others." But in recent decades, in part through the promptings of strategic philanthropy (and perhaps as well due to the rise in more engaged living donors), a more proactive class of funder has emerged that sets very specific agendas, identifies preferred approaches, and then identifies grantees who can implement them.[52]

Garry Jenkins has identified several metrics that point to this shift toward donor-centrism (he refers to this development in terms of philanthrocapitalism, but it more accurately describes the tangle of approaches associated with strategic philanthropy). First, he notes foundations are devoting proportionally more resources to larger projects (as discussed above). Second, "they are asserting more control over the use of the grant funds they disperse through the use of limited-purpose grants," noting a rise in the dollar allocation to grants for program support from 2003 to 2008. Third, foundations "are becoming increasingly

[51] Michael E. Porter and Mark R. Kramer, "Philanthropy's New Agenda: Creating Value," *Harvard Business Review*, vol. 77, issue 6 (November/December 1999), 121-130 (quote on 125-126); search of *Harvard Business Review* done through EBSCO by authors.

[52] Paul Brest, "A Decade of Outcome-Oriented Philanthropy," *Stanford Social Innovation Review*, Spring 2012, accessed online at https://ssir.org/articles/entry/a_decade_of_outcome_oriented_philanthropy; Porter and Kramer, "Philanthropy's New Agenda," 123; Nielsen, *Golden Donors*, 428.

closed to the ideas and innovations proposed by nonprofit organizations operating on the ground." He locates this development in the increase in closed and semi-closed grant-proposal policies. According to Foundation Center data, in 1994, just 6 percent of all large foundations had an invitation-only grant policy. "By 2008," Jenkins writes, "that percentage had increased to 29%." In 1994, only 10 percent of the foundations included in Jenkins' sample "had adopted a proactive grantmaking style in which they declined to consider unsolicited proposals." By 2008, 48 percent of the "independent and corporate foundations sampled reported that their grantmaking was overwhelmingly foundation initiated."[53]

Jenkins speculates that the rise in targeted giving was linked to an increased emphasis within the sector on the measurement of impact—since project-based grants provided a more circumscribed sphere for assessment. This is another hallmark of strategic philanthropy: the premium placed on rigorous and frequent evaluation and measurement of grantees. This is not to say that foundations in the past showed little interest in determining their impact, in either qualitative or quantitative terms. Far from it; as early as 1959, the public intellectual Jacques Barzun chastised foundations for being over-impressed by the measurable. But the close monitoring of grantees, the staking of a tight "evidence-based" tether, is a relatively new phenomenon. It required the development of formal program evaluation, which received its initial boost from the governmental programs of the 1960s. "Great Society legislation," historian Peter Dobkin Hall has written, "both required and provided funding for evaluation." Government contracting to nonprofits for social service provision, and the oversight it entailed, brought about increased levels of reporting and assessment. At the same time, in the wake of the congressional investigations of foundations, sector leaders hoped that evaluations, shared with the public, might "help reduce some of the mystery from foundation activities," in the words of the Peterson Commission. So at the time of the Hewlett Foundation's establishment, the sector was primed to take evaluation seriously.

In 1981, one researcher determined that of the largest 450 foundations, 76 had awarded evaluation grants of some kind. Some funders, with the Robert Wood Johnson and Wallace foundations as prime examples, made sophisticated use of program evaluations. But more generally throughout the sector, evaluative techniques remained relatively modest and beset by concerns about the limitations of evaluation itself. However, as Hall noted, the 1990s witnessed a significant jump in the use of evaluation within the nonprofit sector. He attributed it to many possible causes: improvements in evaluative technique, based on advances in the social and behavioral sciences; the increased professionalization of the nonprofit sector; the growing prominence of staff and leaders who were trained in business schools and schools of public administration, where evaluation had become part of the curriculum. Hall also mentioned the expansion of the sector and the advent of a new donor class, spurred by growth in technology and finance, with strict demands of accountability for their giving.[54]

[53] It is worth noting that, according to a recent report from Grantmakers for Effective Organizations, "general operating support is on the rise after years of remaining static." In 2014, "of annual grant budgets, a median of 25 percent of grant dollars" were in the form of unrestricted support; the figure, according to the report, had "held stubbornly" at 20 percent for several years. J. McCray, *Is Grantmaking Getting Smarter? A National Study of Philanthropic Practice* (Grantmakers for Effective Organizations, 2014), p. 7; Jenkins, "Who's Afraid of Philanthrocapitalism?" 772, 781.
[54] Peter Dobkin Hall, "A Historical Perspective on Evaluation in Foundations," in Marc T. Braverman, Norman A. Constantine, and Jana Jay Slater, eds., *Foundations and Evaluation: Contexts and Practices for Effective Philanthropy* (San Francisco: Jossey-Bass, 2004), 27-50; Barzun cited in Weaver, *U.S. Philanthropic Foundations*, 149.

The ascendance of a business management-trained class, and of management-based theory, within the philanthropic sector has perhaps been most significant to the rise of strategic philanthropy, for it encouraged foundations and donors to regard philanthropic interventions in terms of carefully-calibrated investments. In this sense, evaluation was not simply applied retrospectively to understand a program's impact and to inform future philanthropic practice; nor was it a public relations instrument, to educate the public about the contributions of philanthropy. Strategic philanthropy has helped to incorporate evaluation into the grantmaking process itself, with outcomes defined in terms of closely monitored "deliverables" and frequent benchmarking of performance metrics.

More subtly, the maturation of the evaluation field, and its development through the doctrines of strategic philanthropy, has boosted the technocratic strains within the sector. Advances in data technology and the spread of an engineering ethos within key parts of the sector have also bolstered this technocratic orientation. Together, these developments have transformed philanthropy's basic epistemology. The impulse toward evidence-based quantitative assessment can channel philanthropic interventions in certain directions, since ideas regarding what can be accurately measured can shape beliefs about what should be funded. Critics of strategic philanthropy have argued that it has eschewed "messier," movement-based causes in favor of "neater," more clearly delineated programs and initiatives, in which a causal link could be firmly forged between the philanthropic intervention and the desired outcome. Among some strategic grantmakers this approach has also produced a preference for shorter time frames for the accomplishment of programmatic goals. Megan Tompkins-Stange, for instance, writes that the Broad Foundation expects to see improvements in student achievement scores within one year of investing in a school. There is, however, some evidence that the pendulum has begun to swing back away from a reliance on such strict performance metrics to more qualitative modes of assessments. In that case, it is possible that the short-term outcome orientation in the sector will itself have had a relatively short term.[55]

[55] Horvath and Powell, "Contributory or Disruptive," 96; Tompkins-Stange, *Policy Patrons*, 102-103; Paul Brest, "A Decade of Outcome Oriented Philanthropy"; Paul Brest, "Strategic Philanthropy and Its Discontents," *Stanford Social Innovation Review*, April 27, 2015, accessed online at https://ssir.org/up_for_debate/article/strategic_philanthropy_and_its_discontents; Hal Harvey, "Why I Regret Pushing Strategic Philanthropy," *Chronicle of Philanthropy*, April 4, 2016.

IX. New Entrepreneurial Variants: Venture Philanthropy and Philanthrocapitalism

If strategic philanthropy reflects the influence of management consultants on the sector, a variant or close relative—"venture philanthropy"—represents the viewpoints of venture capitalists. The first stirrings of venture philanthropy—or at least the first pairings of those words—occurred a decade or so after the mid-century development of venture capitalism itself. But it was in the 1990s that the idea took on more formal coherence, aided, as with strategic philanthropy, by an article in the *Harvard Business Review*. "Virtuous Capital: What Foundations Can Learn from Venture Capitalists," was written by Christine Letts, William Ryan, and Allen Grossman—who are, respectively, the founder of a program in nonprofit policy at Harvard's Kennedy School, a nonprofit and foundation consultant, and a professor of management practice at Harvard Business School.

Their proposal, as actualized by later practitioners, resembled strategic philanthropy in many respects: the specification short-term goals, the creation of funder partnerships with donees based on conditional provision of funding and dependent upon the achievement of previously agreed-upon, quantitatively evaluated outcomes. Venture philanthropy emphasized seeking out grantees as opposed to issuing open calls for proposals and conducting extensive due diligence prior to investment to ensure a promising return on investment. It was also distinguished from strategic philanthropy in its emphasis on provisional, short-term relationships between grantee and grantor, and in its insistence on an even more strenuous implementation of that partnership, with funders frequently taking board seats in the organizations they support and withdrawing if benchmarks are not met. Maintaining a sound "exit strategy" became an important element of the approach. Venture philanthropy has also emphasized assisting grantee organizations relatively early in their development, providing capital that would allow them to grow to scale. Perhaps its most striking element, and one that has attracted funders who do not explicitly align themselves with the movement (such as a new corps of "hacker philanthropists"), is its propensity for risk-taking. Like venture capitalists themselves, who might fund scores of start-ups in search of one "unicorn," venture philanthropists were not afraid of failure. They would take "big bets" on grantees whose programs might have low probabilities of success but enormous social impact if successful. This talk of riskiness would have mystified funders from a half century ago. First, they would have feared it would threaten to topple the bulwarks of legitimacy that they had constructed in light of public censure and philanthropy's declining status relative to the corporate and public sectors. Also, because their conception of philanthropic support was frequently so open-ended, long-term, and fluid, they would have found it difficult to arrive at definitive judgments of success or failure over a few grant cycles. The comfort many funders now have with the incorporation of failure into the grantmaking process is another sign of how entrenched an entrepreneurial mindset has become in the sector over the last few decades.[56]

In fact, one of the most important new developments within the sector has been the way in which the entrepreneurial mindset has weakened traditional divides between philanthropy and for-profit enterprise. In

[56] Bishop and Green, *Philanthrocapitalism*, 88-97; Nielsen, *Big Foundations*, 410; Christine W. Letts, William P. Ryan, and Allen S. Grossman, "Virtuous Capital: What Foundations Can Learn from Venture Capitalists," *Harvard Business Review* 75, no. 2 (March 1997), 36-44.

the past half century, there has been regular, steady traffic between the two realms, allowing borrowing and exchanges of personnel, metaphors, and occasionally techniques, but the demarcations between them have remained relatively coherent. Those boundaries likely constrained some creative thinking about philanthropic practice, but they also upheld norms. Now we are experiencing something more like open borders between the sectors.

This phenomenon is sometimes classified as “philanthrocapitalism,” after a neologism coined by two journalists, Matthew Bishop and Michael Green, in a 2008 book. They use the term so expansively, however, that it loses much of its ability to identify its novel elements. Bishop and Green distinguish between philanthropists confronting social programs in a “businesslike way” and with “for-profit business models.” Both define philanthrocapitalism for them. The first form the authors describe as “the sense of a serious focus on results; understanding where to use scarce resources to have the greatest impact through leverage; a determination to quickly scale up solutions that work and a toughness in shutting down those that do not; backing entrepreneurial, innovative approaches to problems; forming partnerships with whoever will get the job done soonest and best; and taking big risks in the hope of achieving outsize impact.” Over the last half century, countless funders have demonstrated these characteristics. But the increased employment of “for-profit business models” *can* stake some claim to novelty. The idea of “blended” or “shared” value, the simultaneous pursuit of financial and social objectives, was pushed by Michael Porter in the 1990s. A related set of motivations animated a movement on behalf of “social entrepreneurship,” a term and approach popularized in the 1980s and 1990s by Bill Drayton, the founder of Ashoka, an organization that supports social entrepreneurs. Much like philanthrocapitalism, social entrepreneurship carries with it a sense of breaking from traditional practice while at the same time fulfilling deep historical precedents; its proponents have included Florence Nightingale and Gandhi as forerunners, for example. All these conceptualizations communicate the belief that the market can be tapped as a force for social good. The belief itself is not new—see, for instance, Adam Smith on the benevolence of the baker, or later, John D. Rockefeller’s claim that his greatest philanthropy was the employment he provided to thousands through Standard Oil. But the strategies and tools being developed in light of that belief have triggered a new and powerful sense of possibility about the performance and definition of philanthropy. The extent to which that possibility will be actualized in a meaningfully novel way is still very much an open question.[57]

Here we only wish to point to the variety and range of approaches that have expanded the boundaries and challenged the traditional practice of the sector, without offering anything like a comprehensive inventory. Lester Salamon, in an introduction to a volume on “New Frontiers of Philanthropy,” describes these elements as moving the sector “beyond grants” (as with loan guarantees and social-impact bonds), “beyond foundations” (capital aggregators and social stock exchanges, for instance), “beyond bequests” (or beyond the gifts of wealth individuals, as with the formation of “social-purpose capital pools…[through the] privatization of formerly public or quasi-public assets”), and “beyond cash” (as with the possibilities for

[57] Bishop and Green, *Philanthrocapitalism*, 280, 122-123; David Bornstein and Susan Davies, *Social Entrepreneurship: What Everyone Needs to Know* (New York: Oxford University Press, 2010), 2-3, 18; Linsey McGoey, *No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy* (London: Verso, 2015); John D. Rockefeller, *Random Reminiscences of Men and Events* (New York: Doubleday, Page & Co., 1909), 75, 142.

barter arrangements allowed by the internet).[58]

It is an impressive list. But it does not entirely settle the question of novelty. Take, for instance, the case of social impact investing. Its roots go back at least to the 1960s, with experiments at the Ford Foundation and Taconic Foundation with what were then termed program-related investments (PRIs), loaning funds to minority businesses in low-income urban areas. Although, as historian Olivier Zunz has pointed out, there were "precedents of philanthropic investments in poor neighborhoods" at the turn of the century, the embrace of PRIs required a reconceptualization of the grantmaking foundation's place in the philanthropic landscape, "laying aside the stricture of maximum return on investments in order to endow risky projects with social potential." Soon the idea caught on with a number of other funders and over the next decades some of the largest foundations, including Carnegie, MacArthur, Rockefeller and Packard, invested hundreds of millions of dollars in PRIs. In recent years, a handful of funders have pushed the practice even further; they are led by the Heron Foundation, which has committed all of its endowment to investments that align with its mission. The promise of social impact investing, and of the erosion of the lines dividing investment and grantmaking components of a foundation, have generated considerable excitement and have even prompted the IRS recently to issue rules on "jeopardizing investments" that might allay the concerns of some foundation investment officers and encourage the practice further.

But the prevalence of impact investing within the sector is still modest and its potential to reshape the practice of philanthropy remains entirely notional. A 2015 survey by the Center for Effective Philanthropy of 73 foundation CEOs found that only 2 percent of total endowment funds were directed to impact investing. A 2016 survey by the Council on Foundations and the Commonfund Institute found that 16 percent of foundations were engaged in impact investing. The authors of the survey note the large number of respondents who seem unsure about their foundation's current policy, or who remain undecided on the issue. Such results show, they conclude, "the extreme fluidity of the current dialogue about responsible investing." It is that fluidity, rather than any definite sector-wide shifts in conventions or practice, that seems the most novel characteristic of the current moment.[59]

A similar argument can be made on behalf of the utilization of limited liability corporations or for-profit corporations as philanthropic vehicles. Pierre Omidyar and Jeff Skoll, the founders of eBay, provided early precedents in this approach, as did Google. The Omidyar Network, for instance, was established as an LLC, what Omidyar termed a "philanthropic investment firm," with much of its early work focused on supporting microfinance, then the social enterprise cause célèbre. Most recently, Mark Zuckerberg and his wife Priscilla Chan have pledged to donate 99 percent of their Facebook shares, valued at $45 billion, to an LLC, the Chan Zuckerberg Initiative. Explaining their decision, the couple mentioned the importance of keeping their options open: the LLC would allow them to use their philanthropic resources to make contributions to

[58] Lester M. Salamon, "The Revolution on the Frontiers of Philanthropy: An Introduction," in *New Frontiers of Philanthropy*, ed. Lester M. Salamon (New York: Oxford University Press, 2014), 4.
[59] Zunz, *Philanthropy in America*, 218-220; Steven Rathgeb Smith, "Foundations and Public Policy," in Anheier and Hammack, *American Foundations: Roles and Contributions*, 378; *Chronicle of Philanthropy*, May 12, 2016; Phil Buchanan, Jennifer Glickman, and Ellie Buteau, "Investing and Social Impact: Practices of Private Foundations" (Center for Effective Philanthropy, 2015); *Council on Foundations-Commonfund Study of Responsible Investing*, Foundations Survey 2016, accessed online at http://www.issuelab.org/resources/25231/25231.pdf.

nonprofit organizations, to make for-profit investments, or make political contributions. Some considered the announcement an augur of a wholesale transformation of the sector, sounding the death knell for the traditional philanthropic foundation. But, as of yet, there is no evidence that the practice has caught on beyond a small minority of Silicon Valley funders. And though Zuckerberg and Chan have made a few for-profit investments through their LLC, these have been definitely modest in scale, and incommensurate with the momentousness that met news of the Chan Zuckerberg Initiative.

The prominence of these entrepreneurs has certainly helped to promote a sense of possibility regarding philanthropic practice and furthered the erosion of stable reference points within the sector. But from the perspective of a half century, it is too soon to determine how those possibilities will congeal and how settled the new frontiers of philanthropy will become. A recent headline in the *Chronicle of Philanthropy* describing the consensus at the last Council of Foundations annual conference describes this ambiguity: "Despite New Ways of Giving, Grant Makers Say No Big Shift Is Afoot." Yet the *Chronicle* noted that the panel that prompted the article, on "Philanthropy Outside the Tax-Exempt Model," was standing room only.[60]

X. Sector-Wide Structures, Identity, and Knowledge

One reason for the current pronounced sense of the sector's organizational fluidity is because for much of the last century, the sector's basic institutional form remained so constant. During the Gilded Age and Progressive Era, a group of industrialists and financiers confronting the challenge of disbursing parts of their massive fortunes toward philanthropic ends, hit on a novel strategy: the general-purpose, grantmaking private foundation. This new model, based on trustee policymaking, foundation employment of well-educated (but normally not expert) professional staff, and grantmaking became the norm of foundation organization by the mid-1920s and has remained the most common form of philanthropic organization to this day. It was the form that John D. Rockefeller selected, as well as William Hewlett in the 1960s and Bill Gates in the 1990s. This stasis may be an argument for the validity of the DiMaggio-Powell concept of institutional isomorphism in organizational structure—that over time organizations of the same type tend to take on similar organizational forms. But it also highlights that what has changed most dramatically over the last half century is not philanthropic form but objectives, strategies, and procedures.[61]

A half century ago, with congressional deliberations over the Tax Reform Act of 1969, the private grantmaking foundation received its most significant challenge. It survived, though there was some evidence that the regulations imposed encouraged charitable dollars to flow toward alternative sources, such as directly to public charities. We are now witnessing another challenge to the predominance of the private foundation, as institutionalized over the last century. This time, however, charitable funds are not being *pushed* out by regulatory disincentives so much as *pulled* in other directions by new opportunities and

[60] Bishop and Green, *Philanthrocapitalism*, 116-120; Alex Daniels and Rebecca Koenig, "Despite New Ways of Giving, Grant Makers Say No Big Shift Is Afoot," *Chronicle of Philanthropy*, April 11, 2016.
[61] Paul J. DiMaggio and Walter W. Powell, "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," *American Sociological Review* 48 (1983), 147-60.

institutional models.[62]

The most dramatic transformation of the institutional landscape has been produced by the meteoric rise of donor-advised funds (DAFs). DAFs are themselves not new; they were first established in the early 1930s, "when some community foundations began allowing high-end donors to maintain ongoing advisory privileges for their donations, rather than requiring all gifts to go to the community foundation's unrestricted funds." Over the next half century, they spread modestly, confined largely to community foundations. Their real explosion came with the advent of commercial DAFs. Fidelity Investments created the first of these, Fidelity Charitable, in 1991 and other investment firms quickly followed suit. Given the administrative and tax benefits they offered donors (especially large donors), DAFs spread like wildfire over the next two decades. According to a 2014 report, there are more than 238,000 of them at supporting organizations across the United States, nearly three times the number of private foundations. The assets directed to DAFs are growing equally fast, with total assets of more than $70 billion. Annual contributions to donor-advised funds have surged from $5 billion in 2008 to $14.2 billion in 2013, according to the *Chronicle of Philanthropy*. This year, for the first time in a quarter century, a DAF (Fidelity Charitable) sits atop the *Chronicle of Philanthropy*'s list of the 400 U.S. charities that have brought in the most private funds each year (it displaced the United Way, which had assumed that spot every year, except for one). Fidelity raised $4.6 billion, an increase of 20 percent from the year before; three other commercial DAFs, from Schwab (no. 4), Vanguard (no. 11), and the National Philanthropic Trust (no. 17), were also ranked in the top 20, while the Silicon Valley Community Foundation, which received nearly all of its donations through DAFs, came in 10th. The *Chronicle* estimates that the amount of charitable giving being directed to DAFs could now be as high as 10 percent.[63]

This dramatic upheaval in the philanthropic landscape both reflects and fosters the spirit of open-endedness and choice that characterizes a sector that now can claim no stable normative center. It represents as well the culmination of many different historical trends, especially when considered from the perspective of half a century: the growth of intermediary organizations; the widening gap between the charities supported by the wealthy and those supported by the middle and lower classes; a push-back against the demands of transparency; the spread of a donor-centric ethos and the declining faith in large bureaucracies.[64] This development also complicates the categorization of the Bill and Melinda Gates Foundation, the most powerful foundation of this generation, within the narrative of the sector's growth over the last half century. In one sense, the Gates Foundation represents the model of the large, bureaucratic, and hierarchical foundation, the inheritor of an institutional legacy passed down from Rockefeller to Ford. It now has more than 1,375 employees in eight offices across the world. But, as Megan Tompkins-Stange has recently pointed out, this was not Gates' original vision. He was "initially committed

[62] Smith, "Foundations and Public Policy," 374.
[63] Alex Daniels and Drew Lindsay, "Donor-Advised Funds Reshape the Philanthropy Landscape," *Chronicle of Philanthropy*, October 27, 2016; Ray Madoff, "When Is Philanthropy: How the Tax Code's Answer to this Question Has Given Rise to the Growth of Donor-Advised Funds and Why It's a Problem," in Reich, Cordelli, Bernholtz, eds., *Philanthropy in Democratic Societies*, 158-166 (quote on 163); "2015 Donor-Advised Fund Report" (National Philanthropic Trust, 2015), accessed online at https://www.nptrust.org/daf-report/.
[64] Vauhini Vara, "The Wealth Gap in Philanthropy," *New Yorker.com*, October 27, 2016.

to maintaining a lean organizational structure, maintaining a relatively small staff and relying on external partnerships with intermediaries to manage grantees." But the infusion of enormous capital gifts from Warren Buffett required a massive expansion of the foundation, demonstrating the power of size to overwhelm organizational theory or style.[65]

This places the Gates Foundation outside the current movement, especially prominent among some of the high tech and finance philanthropists, to favor leaner foundations. Business success has often pushed them in this direction: As *Inside Philanthropy*'s David Callahan has pointed out, many of today's wealthiest Americans have presided over companies "that are extremely lean relative to their revenues and market valuation." Additionally, the donor-centric, entrepreneurial mindset dominant within the sector now also carries with it an anti-bureaucratic bias. As hedge-fund investor Bill Ackman told Callahan, explaining why he has resisted constructing a large infrastructure around his Pershing Square Foundation, "I don't think overhead is particularly productive." Many Silicon Valley philanthropists seek to emulate the start-up culture that had fueled their entrepreneurship, maintaining organizational nimbleness through relatively small staff and a reliance on advisers and intermediaries, so that their philanthropy can remain "disruptive."

Finally, within certain high-profile quadrants of the sector, the popularity of an ethic of "Giving While Living" and, relatedly, of limited life philanthropy, has risen. Mark Zuckerberg and Priscilla Chan, for instance, have pledged to spend the Facebook fortune they have committed to philanthropy "during our lives." Bill and Melinda Gates have stipulated that their foundation will terminate 20 years after their deaths. These developments suggest a weakening, if not an absolute abolition of the presumption of perpetuity that has governed the sector for most of the last half century and that seeded it with foundations that have continued to grow long after their donors had passed from the scene.[66]

The preference for smaller, leaner foundations in no way betrays a lack of dedication to the craft of philanthropy, which points to a significant difference from the sector as it existed a half century ago. Then, many of the larger foundations were under-staffed not by design but by default, through a sort of bureaucratic immaturity. In Nielsen's survey of the largest foundations in the late 1960s, he determined that a quarter employed no full-time staff, operating only with an accountant or a secretary. A researcher a few years later offered another tally, writing that "the great majority of foundations…still operate without any professional staff at all. Only 212 American foundations (about one per cent) employ any full-time officer, and of the total of 1,062 full-time foundation administrators, twenty-five per cent are employed by Ford and fifteen per cent by Rockefeller."[67]

In the following decades, the more rigorous and extensive hiring practices that had presided at Ford, Rockefeller, and a handful of other foundation spread more widely throughout the sector (it was in 1977, for instance, that William Hewlett brought on a full-time president, Roger Heyns, the former chancellor of

[65] Tompkins-Stange, *Policy Patrons*, 20; Bill and Melinda Gates Foundation "Foundation Fact Sheet," accessed online at http://www.gatesfoundation.org/Who-We-Are/General-Information/Foundation-Factsheet.
[66] David Callahan, "Philanthrosaurus Rex: Why the Age of Big Foundations Is Almost Over," *Inside Philanthropy*, February 3, 2015, accessed online at http://www.insidephilanthropy.com/home/2015/2/3/philanthrosaurus-rex-why-the-age-of-big-foundations-is-almos.html; Callahan, *Givers*, 321; Horvath and Powell, "Contributory or Disruptive," 109-110; *New York Times*, December 1, 2015.
[67] Nielsen, *Big Foundations*, 323; Ben Whitaker quoted in Kiger, *Philanthropic Foundations in the Twentieth Century*, 95.

Berkeley, to systematize and expand his foundation's grantmaking). The process is sometimes described as "professionalization," but this term implies standards and training, along with certification of competence in professional knowledge, which the sector has had little interest in or aptitude for cultivating (only recently did the Lilly Family School of Philanthropy at Indiana University-Purdue University Indianapolis offer the first advanced degrees in philanthropy studies). The trend more closely approximates a sort of self-conscious and self-confident bureaucratic maturation. As Peter Frumkin has written, "Throughout the 1970s and 1980s, foundations clearly began to recognize philanthropic expertise as a qualification for foundation work and to seek it out." Many foundations, he notes, began to place a premium on hiring staff and executive directors with previous professional experience in philanthropy—as opposed to veterans of higher education or government service. By the mid-1990s, according to a survey from the Council on Foundations, nearly 80 percent of foundations had a paid staff, and 55 percent had a paid professional staff. As Frumkin points out, these shifting hiring patterns had significant repercussions within the sector, depersonalizing the grantmaking process (the relationship between foundation trustee and grantee was no longer the key determinant of success), leading more foundations toward restricted-purpose project grants, and placing higher evaluative demands on grantees.[68]

The increased bureaucratization of the sector was largely a response to the push for greater transparency and accountability brought on by the deliberations over and the passage of the Tax Reform Act of 1969. It is difficult to overstate the opacity that characterized much of the sector before 1969. Since the early 1940s, the federal government had required some basic annual reporting from all tax-exempt nonprofits, foundations included, through Form 990-PF, but a great number of foundations resisted or complied with only a bare minimum of effort, and the information that was collected was not available for public examination. The vast majority of foundations preferred to operate in cocoons of privacy, from which they would emerge to utter occasional platitudes about the good work they were performing and the importance of voluntarism in American life. In his 1956 work, philanthropy researcher F. Emerson Andrews concluded that only 76 out of the 15,000 foundations that existed published annual or biennial reports. In 1968, the Foundation Center determined that only about a third of the 261 foundations with assets of more than $10 million did so. About a third of the largest foundations that Waldemar Nielsen surveyed in his 1972 book only began to issue reports to the public after they were required to do so by the Tax Reform Act of 1969.[69] Indeed, beyond the regulatory requirements, the panic among sector leaders provoked by congressional action in 1969 convinced many of them of the need to communicate more effectively the significance, legitimacy, and importance of foundations to the public. "[T] he past fifteen years," declared Waldemar Nielsen in 1985, "have been a period of extraordinary development in foundation communications." Later, internet-based technological advances gave communications another boost. Many foundations now offer frequently updated online grant databases, along with well-crafted reports, blog posts, and interviews with the press that provide information on their programs, strategic orientation, and

[68] Nielsen, *Golden Donors*, 210; Peter Frumkin, "Private Foundations as Public Institutions: Regulation, Professionalization, and the Redefinition of Organized Philanthropy," in Ellen Condliffe Lagemann, ed., *Philanthropic Foundations: New Scholarship, New Possibilities* (Bloomington: Indiana University Press, 1999), 86-93 (quote on 86).
[69] *Foundation News* quoted in Frumkin, "Private Foundations as Public Institutions," 85; Nielsen, *Big Foundations*, 295-298; Kiger, *Philanthropic Foundations in the Twentieth Century*, 65.

grantmaking processes. Increased reporting demands from the government have also enhanced information about foundation behavior. Changes in Form 990-PF made in 2007, for instance, required increased disclosure of information on corporate governance and boards of governors, as well as increased financial reporting for large organizations (over $1 million in revenues or $2.5 million in net assets).[70]

As with diversity, the growth of transparency as a sector-wide imperative has underscored the inadequacy of its current status. Once there was a standard, its proponents could be disappointed by its imperfect actualization. But we should also be careful not to assume any sort of inherent teleological imperative toward greater transparency within the sector. In fact, in the last decade we have witnessed reverses in the sector's commitment to transparency. The spread of donor-advised-funds (and, to a lesser extent, of limited-liability corporations) has been motivated in part by donors' desire for greater discretion and privacy in their giving choices. Some of the mega-foundations that have emerged in recent years have established only a modest web presence, and share little information with the public. The perspective of 50 years helps reveal the non-linear nature of much development within the sector; past movement in a particular direction does not guarantee future movement.[71]

The last few decades have also witnessed a transformation in the culture of giving among individual donors that paralleled the institutional move toward greater transparency. It also echoed the efforts of an earlier generation of philanthropists, led by Andrew Carnegie and Julius Rosenwald, who at the turn of the last century promoted the idea of philanthropy as a fundamentally public vocation. Both men wrote popular tracts outlining their theories of giving and urging their fellow millionaires to think carefully about how best to commit their fortunes to good ends. This tradition faced off against, and was largely overwhelmed by, another that emphasized discretion and privacy in giving. The second tradition had several sources: a Christian ethic of humility (the right hand not knowing what the left was doing); the desire of donors to shield themselves from the flood of solicitations that usually followed the announcement of a major gift; the belief that demands for public disclosure and information regarding philanthropy gifts were an affront to the prerogatives of private property. When, for instance, J. Howard Pew, the oil magnate, was asked in the late 1960s why his foundation had never issued a single report to the public, he shouted, "I'm not telling anybody anything. It's my money, isn't it!" Many of the major donors of the middle decades of the century felt similarly, even if they expressed themselves more tactfully. Many, including William Hewlett, preferred to operate out of the glare of public attention; and if most did not insist on strict anonymity and reject scrutiny entirely, they did tend to eschew publicity.

But by the final decades of the century, a more public, even performative attitude toward philanthropy had begun to take root. Its growth can be traced to a multitude of related causes: the general celebration of wealth in the culture; the development of media with a particular focus on the richest Americans; the development of a competitive ethic among the wealthy regarding their giving, spurred on by giving lists that document the most generous gifts and donors (which spread in the 1990s); the convergence of philanthropy,

[70] Nielsen, *Golden Donors*, 416, 417.

[71] David Callahan, "Darkness Grows: Time for a New Conversation About Philanthropy and Transparency," *Inside Philanthropy*, December 9, 2015, accessed online at http://www.insidephilanthropy.com/home/2015/12/9/darkness-grows-time-for-a-new-conversation-about-philanthrop.html.

business, and politics in the public convenings of the global elite (Davos and its progeny). There has also been increased interest in the employment of gift announcements and the reputational capital of philanthropists as instruments of leverage, which can encourage greater giving by others. As one philanthropy researcher recently told *Forbes*, "We're seeing more givers who were formerly donating anonymously now willing to give openly as a way to inspire others to follow their lead." Atlantic Philanthropy's Chuck Feeney is the most significant exemplar of this trend. This logic has also motivated the Giving Pledge, the campaign led by Bill and Melinda Gates and Warren Buffett to convince billionaires to commit more than half their wealth to philanthropy (it now has 156 signatories from 16 countries). One of the stipulations of the pledge is that signatories compose a personal testimonial about their giving that is published on the pledge's website. "The goal," the site announces, "is to talk more about giving in an open way and create an atmosphere that can draw more people into philanthropy."[72]

The Giving Pledge reflects another trend in the sector: the consolidation of a tighter philanthropic community, or rather, philanthropy communities. Other networks of donors, such as the Global Philanthropists Circle, preceded the Giving Pledge and still others, catering to different segments of the sector, such as Resource Generation, have emerged recently as well. So have more organized donor affinity groups and regional associations. Perhaps even more significant, the sector has also developed distinct advocacy organizations that have promoted the interests of nonprofits and foundations and fostered a more cohesive sector-wide identity. Nationwide sectoral organizations in the field of philanthropy first began to develop at mid-century. In 1949, the National Committee on Foundations and Trusts for Community Welfare in Chicago was established. The organization moved to New York in 1957 and changed its name to the National Council on Community Foundations, and it soon broadened its mandate by permitting private and corporate foundations to join the organization. The Rockefeller and Ford foundations supported this effort to represent the grantmaking field as a whole, and the organization took its present form and name, the Council on Foundations, in 1964.[73]

The 1969 Tax Reform Act and the regulatory regime it inaugurated prompted foundations to develop more sophisticated defenses of their collective interests, which they did through the council, and to take modest steps toward self-regulation. It also led to the creation of Independent Sector in 1980, a new sectoral organization meant to represent both grantmaking and nonprofit service-delivering organizations. Then the Philanthropy Roundtable was created in 1987, an outgrowth of an early network of politically conservative funders, and intended to provide representation for grantmakers who felt themselves out of the liberal (as they perceived it) mainstream of the field. Other organizations, like the National Committee for Responsive Philanthropy (NCRP), created in 1976 out of the Donee Group within the Filer Commission, have sought to represent progressive critiques of the field. All of these organizations have significantly increased the level of

[72] Nielsen, *Big Foundations*, 126; Benjamin Soskis, "Watchdog vs. Self-Promotion: Why Donor Lists Matter," *Chronicle of Philanthropy*, February 2015; Katia Savchuk, "Meet America's Top Givers of 2015," *Forbes.com*, October 5, 2016, accessed online at http://www.forbes.com/sites/katiasavchuk/2016/10/05/meet-americas-top-givers-of-2015/#42909ea1688a; Giving Pledge information found at https://givingpledge.org/faq.aspx.
[73] Bishop and Green, *Philanthrocapitalism*, 226-230.

discussion, debate, and analysis within the sector from a half century ago.[74]

Indeed, at the time of the Hewlett Foundation's establishment, knowledge about the philanthropic sector was strikingly meager. "The field of philanthropy was ignorant of the facts about itself," wrote Waldemar Nielsen. "As a result, it was intellectually moribund." There was only the most rudimentary base of research data on which to build analysis, largely through the effort of the Foundation Library Center, established in 1956 (later simply the Foundation Center), which began to publish an annual *Foundation Directory* in 1960. As a reaction to the hostile congressional investigations of foundations of the 1950s, the Ford Foundation became the first of the legacy foundations to support scholarship on philanthropy, identifying historian Merle Curti at the University of Wisconsin to lead a major research project. But these worthy efforts did not penetrate the consciousness of most foundation staff or leaders, who relied on less substantive modes of analysis. "In lieu of any effort to measure and examine the role of the huge private nonprofit sector in American life," noted Nielsen, "a few paragraphs from Alexis de Tocqueville on the subject were endlessly repeated."

This complacency about the state of knowledge in the sector also changed in the wake of 1969. The conflation of the ideas of "philanthropy" and "nonprofits" into a unitary social system, reflected in the establishment of Independent Sector and further encouraged by the shared experience of budgetary retrenchment during the Reagan administration, stimulated new kinds of institutional thinking about the role of the private non-business sector in creating social good. It is not surprising that new ideas and organizations devoted to researching philanthropy should have emerged at a time when the last gasps of the New Deal (and its successor, the Great Society) were giving way to neo-liberalism, fostering a renewed emphasis on the dangers of statism and the benefits of the privatization of public power. Foundations also began pouring money into the construction of viable nonprofit sectors in countries around the world, most notably in the post-communist regions. Such efforts at democracy building soon extended to research into "civil society," a category that came to subsume philanthropy for many researchers in the field.

There really was no institutionalization of philanthropy research in the American academy prior to the late 1970s, apart from the important but relatively short-lived efforts of the Ford Foundation mentioned above. Several important efforts were initiated in the early 1970s. The Rockefellers supported the creation of the Commission on Private Philanthropy and Public Needs (the Filer Commission), which published a report, *Giving in America: Toward a Stronger Voluntary Sector*, in 1975, along with a host of research papers it commissioned. At about the same time, Yale University initiated its Program on Nonprofit Organizations (PONPO), the first time a major university had risen to the challenge of identifying philanthropy and nonprofits as a primary research objective. Shortly thereafter, in the early 1980s, Independent Sector created a Research Committee under the leadership of Robert Payton, which helped to nurture a limited number of campus-based philanthropy research centers.[75]

[74] Smith, "Foundations and Public Policy," 374; Alan J. Abramson and Rachel McCarthy, "Infrastructure Organizations," in *State of Nonprofit America*, 2nd ed., 423-458.
[75] Nielsen, *Golden Donors*, 29; Sealander, *Private Wealth and Public Life*, 6; Zunz, *Philanthropy in America*, 247; Lehn Benjamin and Kevin F.F. Quigley, "For the World's Sake: U.S. Foundations and International Grant Making, 1990-2002," in Anheier and

None of these centers emerged as a dominant site of intellectual authority, but the notion of philanthropy as a legitimate research field was gaining acceptance in the academy as well as in the professional field of philanthropy. The idea was supported by several crucial institutional developments. The first was the opening in 1975 of the Rockefeller Archive Center, the path-breaking freestanding philanthropy archival organization, which at first housed and maintained only the records of Rockefeller organizations, but which over several decades expanded to become the leading national archive for foundation records, including those of the Ford Foundation. The next important developments were within the academic research community—the transformation of what is now the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) and its journal, the *Nonprofit and Voluntary Sector Quarterly*, and the creation of the International Society for Third Sector Research and its journal, *VOLUNTAS*. These organizations—one transformed and revitalized and the other created by the newly self-conscious international scholarly community—provided both publication opportunities and scholarly legitimacy for the emergent field of philanthropy.

Problems remained within the academy, however, since there was little consensus among those studying various aspects of philanthropy as to whether their work constituted an independent field of research, and because funding for philanthropy research was always precarious. Yet it would no longer have been fair to call philanthropy "an intellectually moribund" enterprise. The last half century has produced a diverse and vigorous field of philanthropy research, featuring a good many campus-based (and several independent) research centers, a few academic journals dedicated to the publication of philanthropy research, multiple scholarly organizations dedicated to the field, and several academic disciplinary organizations that were receptive to philanthropy research. Much of this research has had a quantitative bias, but there have been important qualitative interventions as well. This surge in research has combined with the reporting of a number of non-academic publications focused on philanthropy and nonprofits, the offerings of watchdog groups such as the NCRP and consultancies with research arms such as Bridgespan and the Center for Effective Philanthropy, and the plentiful ruminations of sector insiders and outsiders on the blogosphere to cause an unprecedented intellectual ferment, fueling efforts at evaluation, criticism, historical reckoning, sociological assessment, and more.

All these endeavors allow for a deeper, more nuanced historical investigation of philanthropy. They all help to achieve a more complex, sophisticated intuition of what is new in the sector. But they also help us to appreciate that the field has a long way to go in understanding its past, present, and future. They underscore how slippery an analytic category novelty can be. It's a lesson we have come to learn over the course of the present project, even as we have done our best to locate the contemporary field of philanthropy in time.

Hammack, eds., *American Foundations: Roles and Contributions*, 246; Peter Dobkin Hall, *Inventing the Nonprofit Sector* (Baltimore: Johns Hopkins University Press, 1992), 243-255.

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