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Is Today's Philanthropy Failing Beneficiaries?
Always a Risk, But Not for the Most Part

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In this commentary, the author highlights some ideas contained in his paper with Ostrander that Ostrander does not explore but that undergird and support their thinking about why the issue of control is so consequential. Philanthropy is in fact donor led and thus always potentially open to donor control rather than care. Second, the author addresses the criterion whereby philanthropy and the supply-side influence can eventually in care rather than control if philanthropy meets the true needs of the beneficiaries. The author next offers an array of observations that make him hesitant about Ostrander's argument. He agrees with Ostrander on the importance of donors meeting the true needs of recipients but is not convinced that she is correct about this not happening regularly, even in regard to the new forms of philanthropy and advisement site analyzes.

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I am pleased to be asked to comment on my friend Susan Ostrander's "The Growth of Donor Control: Revisiting the Social Relations of Philanthropy." Her well-written and tightly argued article enables me to consider how much I still hold to the tenets of our 1990 paper. It also encourages me to think about how my own thinking about philanthropy as a social relation has developed over the years. Finally, it gives me an opportunity to offer my reflections on Ostrander's argument, finding many points of agreement and some places where I want to challenge some of her analysis and conclusions.

THE SUPPLY- OR DONOR-LED CHARACTER OF THE PHILANTHROPIC RELATIONSHIP

I first want to highlight some of the ideas contained in or implied by our 1990 paper (Ostrander & Schervish, 1990) that Ostrander does not explore in her current article but that undergird and support both of our thinking about



why the issue of control is so consequential. Most important among these ideas is that, in the end, philanthropy is supply led. By this we mean that philanthropy by its very nature favors donors in some specific ways. This is because the relationship between donor and recipient is never actualized until a transfer of funds flows from the donor. No matter what need exists in the world, no matter how it is presented to the donor—directly through interaction with beneficiaries, through the mediation of a charitable organization, or learned through friends or the media—there is no philanthropic relation until the donor voluntarily exercises agency in the form of allocating resources.

COMMERCIAL RELATIONSHIPS

In philanthropy, so much depends on the character, aspirations, and horizons of the donor. Contrasting commercial relations and philanthropic relations can show why this is so. In commercial relations, transactions occur between those with a need on the demand side and those with a product or service on the supply side. Those on the supply side do not directly respond to those with a need on the demand side. Those on the supply side transfer the goods or services to those in need only if the latter can express their need through the transfer of dollars. This is what is meant by effective demand. Those in need have the dollars that materially affect those on the supply side, ultimately resulting in what is called consumer sovereignty.

PHILANTHROPY—A DISTINCT SOCIAL RELATION

In philanthropic relations, things are different: The dollars are transferred from the supply side. Those with needs have them fulfilled only to the extent donors voluntarily transfer funds to meet those needs. In commercial relations, funds flow from the demand side, and this completes the transaction. In philanthropic relations, funds flow from the supply side, and it depends on the will of the donor to consummate the transaction. There is no negative material consequence for not doing so. If commercial relations are guided by *affective* demand, philanthropic relations are guided by *affective* demand. In commercial relations, those on the supply side pay attention not only or even mainly to the person in need but to the medium of dollars through which the need is expressed. In philanthropic relations, those on the supply side pay attention not to the medium through which needs are expressed. Rather, they attend directly to the value of the person in need, hence the notion of affective demand. For the philanthropic relation to be completed, a personal affective quality of care must be awakened in the donor to animate his or her decision to meet the needs of the beneficiary.

THE PROSPECT OF DONOR CONTROL

Again, so much depends on the donor. No flow of funds to meet needs occurs unless the donor decides to act. Although commercial relations are

demand led (the transaction is completed by a flow of funds from those with needs), philanthropic relations are supply led (the flow of funds that completes the transaction comes from those without the pressing need). Hence, the quantity and quality of care provided voluntarily occurs without any countervailing material influence from those in need.

This supply-led nature of philanthropy is what enables donors to be in control of philanthropic relations, and this is one important reason Ostrander is so concerned about this topic. For her, the past two decades have seen the rise of even greater emphasis on the supply-side aspects of what I call the new physics of philanthropy, a major characteristic of which is that donors with an entrepreneurial disposition are initiating philanthropic endeavors rather than simply responding to fund-raisers in charities that know the needs of beneficiaries and can protect and enunciate them in their fund-raising efforts. Increased donor initiative and determination without countervailing beneficiary representation (direct or indirect) are Ostrander's apprehensions.

PHILIA AND CARE

My second point I want to make has to do with the development in my thinking about the essence of philanthropy. If philanthropy is a social relation, what is the core of philanthropy? What must imbue the character of donors to make philanthropy a relation of care rather than one of heavy-handed control? In *The Nicomachean Ethics*, Aristotle (1998) speaks about *philia*, the Greek root of philanthropy as friendship love. *Philia* begins, says Aristotle, in the relationship between parent and child. *Philia* in this relationship is that of friendship or the mutual nourishment of two souls. As Aristotle says, a friend is another self (p. 9), essentially two beings in one soul. What matters is that the two beings do not just have a sentiment of affection but enact a content of activities that together provide the appropriate nourishment to each party. *Philia*, when extended beyond the family, has that same dimension of affection and appropriate nourishment.

This is parallel to what the philosopher Jules Toner (1968) calls for when he sets out his understanding of love and care. Love, for Toner, is the affective regard of another human being as an unconditional end—a person who is to be viewed and treated as of equal standing with oneself. Love in practice, says Toner, is care. Care is the implemental or instrumental dimension of love. More specifically, care is meeting the true needs of other people. It is, of course, always debatable just what the true needs of others are, how to discern them, and how to fulfill them. But figuring this out is always the right question.

In regard to Ostrander's concern, the implication of *philia* and care is that the most important issue is to ensure that donors are meeting the true needs of recipients, that is, exercising *philia* or care in their most effective manner. Philanthropy and the supply-side influence that comes with it can eventuate

in care if it meets the true needs of the beneficiaries or in control if it eventually is distorting or undercutting what is needed. This dialectical possibility is present whether the donor is simply writing a check to a Jesuit high school that knows best how to use the gift or the donor is starting an entrepreneurial philanthropic venture to erase malaria or HIV infections in Africa.

COMMENTARY

Given the foregoing two sets of reflections, I now turn to some evaluation of Ostrander's argument. My starting point is that I agree with Ostrander on the importance of donors meeting the true needs of recipients. Yet I am not convinced that she is correct about this not happening regularly even in regard to the new forms of philanthropy and advisement she analyzes. I offer an array of thoughts in no particular order, which taken together make me hesitant about her case.

First, from some of the literature she cites and the points she makes, Ostrander seems to have an imagery of donors as self-serving, controlling by disposition, and more on the lookout for their own desires rather than a mutual advancement of themselves and others at the same time. There is no question that what she fears can and does exist. But it is not the norm I have encountered in my research and work with donors and professional advisors. On the contrary, there is an almost universal urge by donors to create effectiveness and significance in the lives of others as the basis for their own fulfillment. Donors want to do things that work. As to donor-centered advisement, guiding wealth holders through a process in which they identify their interests, concerns, and passions about how to make the world better is not a cause or sign of missing the mark and exercising overweening control.

Second, Ostrander suggests in her conclusion that empirical work is needed to investigate just whether donor control has the negative eventualities about which she is concerned. Throughout the article, she cites the verbal expressions and procedures of various types of new philanthropists and philanthropic advisors but does not delve deeply enough into the empirical world of actual practices to make a convincing case. She cites the potential negative consequences of investment logic, collaborative decision making by those in giving circles, and language of donor-oriented philanthropic decision making—none of this is evidence that the needs and concerns of beneficiaries are not at the forefront of donors' consciousness. That donors voluntarily pick and choose the causes and people for which they care, want to make a positive societal impact, and wish to be effective in doing so also leads them to be especially attentive to having their contributions do what is needed. Take the investment logic of venture philanthropy, perhaps the toughest case. The very nature of investment or venture philanthropy is that it is market oriented. So as not to squander resources, it is disciplined about

obtaining accurate knowledge about needs and their causes, about which activities would meet those needs, and about what organizational forms will best carry out those activities.

Third, returning to the heart of the matter, Ostrander would agree that meeting the true needs of beneficiaries is the bottom line in philanthropy. But she goes further: She believes that meeting the true needs of recipients is less likely to occur unless recipients or their direct representatives are actually brought into the decision-making process along with donors. This may very well improve the decision making in some instances, but it is only one and by no means a universally proven mechanism to increase the probability that financial contributions will do the right thing. There is no case made in the article that her ideal will in fact improve meeting the true needs of beneficiaries. The philanthropic relation is one of care and nonintimate forms of mutual friendship; it is not necessarily one of advice and consent. There are many ways to learn about and meet the true needs of recipients, only one of which is relatively direct representation. These include scientific investigation, market research, proven models in other similar endeavors, and expertise of professionals managing an institution (e.g., at a university, research hospital, or inner-city shelter).

Fourth, it is not clear that what Ostrander is calling for is not in fact already in place. Nearly 50% of all charitable giving by individuals is to religious congregations, precisely the place where donors come in contact firsthand with recipients because the donors and recipients are the same people. The same is certainly true in the spheres of education and health care. Those who contribute to these next-largest realms of philanthropic donations are almost always personally familiar with the needs of beneficiaries, for they themselves, family, and friends have been served by these institutions. The same could be said about the arts and even social services.

Fifth, in addition to donors being attentive to the needs of these institutions' beneficiaries, those who contribute large sums trust the professionals at tried-and-true institutions to be guardians of their clients' needs. Moreover, donors perceive that these institutions are subject to competition and that this, too, forces them to be attentive to the needs of their beneficiaries. I do not idealize charitable professionals and would argue that their priorities are often controversial and can be read as reflecting self-perpetuation, goal displacement, and bowing to donor control. But whether such distortions occur is an empirical question and subject to debate. That ultimate beneficiaries are not involved in decision-making deliberations with donors or charity professionals does not mean that the core activity of philanthropy, namely meeting the true needs of people, is not occurring.

Finally, charities that receive the bulk of donations from high-level, sought-after donors are not sheep without a shepherd. There always has been and there continues to be today a negotiation of most major gifts. If major donors are what I have called hyperagents—those individuals who

are relatively single-handedly able to shape institutional and organizational life—so are major charities that receive the bulk of the major gifts. Just within a span of a few weeks, articles appeared in *The Wall Street Journal* (Beatty & Vara, 2006) and *The Chronicle of Higher Education* (Strout, 2006) documenting the countervailing force that charities are exerting in the face of the offers of mega-gifts. As the *Chronicle* reports,

Of the 23 promised donations of \$150-million or more made to colleges, 17 have been pledged within the last five years. That generosity has made colleges more dependent on single, extraordinary gifts. It has also increased the importance of due diligence, background checks, and donor agreements that protect the institutions' and benefactors' interests. (p. A25)

The articles document the exceptional and consequential control asserted by donors in giving gifts and in renegeing on them. But such institutions are capable of and are in fact protecting their missions to meet the needs of their beneficiaries.

To conclude, there is much value in Ostrander's concern that philanthropy be caring and not negatively controlling, in the sense she means. But I am not convinced that the majority of donations fail to meet the true needs of recipients. It is possible to argue that the causes that major donors support are not the most important, but that is a different question. It is also possible to argue that more of the nation's wealth should be allocated through the democratic processes of government, but that too is a different question. For me, the key question facing the voluntary allocation of financial resources to improve the life of others, and at the heart of making the social relation of philanthropy generative rather than detrimental, is whether *philia* and care are accomplished. Is there a relationship of mutual nourishment? Is there a relationship that meets the true needs of both donors and recipients? There are at least as many forces in play to move philanthropy in that direction as there are forces in the opposite direction. Ensuring that care rather than carelessness imbues philanthropy is just the right issue. That both direct recipient representation and decision making by beneficiaries would improve the situation is certainly the case in some instances. But seeing their absence as a general critique of today's philanthropy and their presence as a general prescription is not persuasive. As an empirical matter, there are many other forces and mechanisms in play, even in the particular situations that Ostrander highlights, that channel the sizeable contributions of wealthy donors into a social relation of care.

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Is Today's Philanthropy Failing Beneficiaries?

379

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