"Wealth and Philanthropy"

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Dwight F. Burlingame, Editor
chine.” This power base enabled him to be influential in many political decisions, and he became viewed as the key national adviser for the black community. He also was savvy in creating good public relations about his causes through the use of black newspapers and other publications.

Early in the twentieth century, Washington declined to be involved in a race relations conference that was the impetus for the National Association for the Advancement of Colored People (NAACP). He was suspicious of the group’s motives and “wanted nothing to do with its militant policies” (Booker T. Washington, 1992).

The election of Woodrow Wilson in 1912 as twenty-eighth president of the United States may have been a turning point in Washington’s public rhetoric. Wilson had campaigned with assurances that he would pursue equal rights for blacks but did not follow through with these promises once in office. Stung by this maneuver, Washington surprised some by publishing an article with a tone more in line with the militant black leaders of the time. Despite this change in rhetoric, many believe that Washington had always done more behind the scenes than he outwardly made apparent or was given credit for.

Washington chose to focus on what blacks could accomplish by learning industrial skills. He believed this direction would help his race secure better economic conditions. This approach was instilled into Washington from his time at Hampton Institute and was a key theme throughout his adult life.

When looking at Washington’s accomplishments, one most remember that he lived during a time when blacks were not allowed to vote; most lived in poverty, and many were uneducated. The racial overtones in the fifty years after the Civil War made for political and social environments that were unstable at best. Although Washington’s ideals and philosophies for the time may not have been embraced by all, it is hard to argue that anyone could have had a greater impact. Washington died in November 1915.

D. Martin Reeser

References and further reading

Wealth and Philanthropy

Several identifiable forces affecting wealth holders are currently changing the supply side of philanthropy so as to constitute a new physics of philanthropy. The new physics entails an innovative way of thinking, feeling, and acting in regard to philanthropy. In the new physics, wealth holders seek out rather than resist greater charitable involvement, approach their philanthropy with an entrepreneurial disposition, and make philanthropy a key ingredient of the financial morality they observe and impart to their children.

The new physics of philanthropy begins with the recognition that the dramatic growth in wealth that has occurred over the past fifty years will, despite the recent downturn, continue at unprecedented levels over the next fifty years. The wealth transfer simulation model developed by Paul G. Schervish and John Havens at Boston College indicates just how much wealth will be changing hands and how it will be distributed among bequests to heirs, bequests to charity, estate taxes, and deductible settlement costs. Assuming a meager 2 percent growth rate and saving rates below historical levels, the model projects that the wealth transfer from final decedents to heirs, government, and charity for the period 1998 to 2052 will be $41 trillion, with $6 trillion of that in the form of charitable bequests. This is by every measure a low estimate. From 1980 to the present, an era including the 1980, 1982, 1991, and current recessions, the average real growth in gross domestic product (GDP) has
been 3 percent. Modeling that 3 percent rate and historical levels of saving, the wealth transfer rises to $73 trillion and charitable bequests increase to $12 trillion. And if the growth rate were to average a still reasonable 4 percent and people were to save at rates slightly below historical levels, the projected transfer would jump to $136 trillion, including $25 trillion in charitable bequests (Havens and Schervish 1999; see also Table 1).

To be clear, the foregoing projections of charitable bequests only measure what goes to charity when people die. They do not include lifetime, or inter vivos, charitable giving by individuals, which in 2000 totaled $152 billion (AAFRC Trust for Philanthropy 2001). Inter vivos giving over the same period, from 1998 to 2052, will total $13.2 trillion if it grows at a real annual rate of 2 percent; $18.1 trillion if it grows at 3 percent; and $25.4 trillion at 4 percent growth (see Table 2). Once again, these estimates, especially at the lower end, are conservative. Over the fifteen-year period from 1985 through 2000, the real annual rate of growth in charitable giving was 3.41 percent, while over the, five-year stretch from 1995 through 2000 the rate of growth was 7.13 percent. Combining charitable bequests and inter vivos giving, we project that between $19 trillion and $50 trillion, in current spending power, will be given by individuals to charities between 1998 and 2052. For the twenty-year period from 1998 through 2017, the amount given will be between $5 trillion and $6.7 trillion (see Table 2). To get a feel for how much that is, it is helpful to remember that the entire federal budget now hovers at a little more than $2 trillion, with annual nondefense discretionary spending totaling only about $300 billion.

There is some additional important news that those who generate a substantial percentage of their charitable revenue from wealth holders will be glad to learn. Contrary to popular perception, wealth holders contribute large percentages of their income and wealth to charity, and as their wealth grows, they will contribute even more. At present, the richest 5 percent of households, defined in terms either of wealth or income, contribute approximately 40 percent (Schervish and Havens 2001) of the $152 billion inter vivos charitable dollars given by individuals (AAFRC Trust for Philanthropy 2001). Similarly, 2 percent of the value of estates (excluding spousal transfers) worth $3 million or more contribute 75 percent (Havens 2001) of the approximately $16 billion in charitable bequests (AFFRC Trust for Philanthropy 2001). An extrapolation of these trends in accordance with foregoing projections of charitable giving shows that millionaires will be responsible for at least between 53 percent and 66 percent of the astonishing $19 trillion to $51 trillion of charitable giving that is in the offing (see Table 2).

As bountiful as these projections are, they do not take into account that wealth holders—indeed, the population at large—will probably become more

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Table 1 Projections for Wealth Transfer and Charitable Contributions, 1998–2017 (1998 purchasing power)

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<td>Total wealth transfer</td>
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<td>Bequests to charity</td>
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<tr>
<td>Inter vivos giving by individuals**</td>
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<td>$3.6</td>
<td>$4.0</td>
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<tr>
<td>Total charitable contributions</td>
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<td>Percent of total contributed by millionaires</td>
<td>54.2%</td>
<td>56.1%</td>
<td>58.0%</td>
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*This table is calculated for secular trends of 2 percent, 3 percent, and 4 percent in growth rates of both real personal wealth and real inter vivos giving. The actual real growth rate in inter vivos giving was 1.61 percent in the ten years from 1985 through 1995; 7.13 percent in the five years from 1995 through 2000; and 3.41 percent in the fifteen years from 1985 through 2000.

**Calculated by the Social Welfare Research Institute, Boston College, based on an initial estimate from AAFRC, Giving US&D 2001, of inter vivos giving in 1998.

Table 2 Projections for Wealth Transfer and Charitable Contributions, 1998–2052 (1998 purchasing power)

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<tr>
<td>Percent of total contributed by millionaires</td>
<td>52.0%</td>
<td>57.5%</td>
<td>65.3%</td>
</tr>
</tbody>
</table>

*This table is calculated for secular trends of 2 percent, 3 percent, and 4 percent in growth rates of both real personal wealth and real inter vivos giving. The actual real growth rate in inter vivos giving was 1.61 percent in the ten years from 1985 through 1995; 7.13 percent in the five years from 1995 through 2000; and 3.41 percent in the fifteen years from 1985 through 2000.

**Calculated by the Social Welfare Research Institute, Boston College, based on an initial estimate from AAFRC, Giving USA 2001. of inter vivos giving in 1998.


charitably inclined as time goes on. Charitable giving, while spurred on by increased material wherewithal, is advanced even more by increased spiritual wherewithal. Research shows that several motivational vectors are at work on the supply side prompting wealth holders to allocate an ever greater portion of their financial resources to charity (Schervish and Havens 2001, 2002). One of these vectors is the desire of wealth holders to find a deeper purpose for their accumulated riches. Happiness is in part the result of making wise choices about how to close the gap between one’s history and one’s aspirations. As more individuals come to recognize at an earlier age that their financial resources exceed the material needs of their families, they will begin to focus more on how to allocate their excess wealth for the care of others (see Murphy 2001).

Perhaps the most potent motivation for charitable giving, and indeed for all acts of care, is identification with the fate of others as akin to experiences. People almost always express this vector of identification in familial terms. The disposition of identification contrasts sharply with that of altruism to the extent that the latter term connotes the prominence of selflessness. Research has consistently revealed that wealth holders, like all others who make charitable gifts, regard their philanthropy as an engagement of self, not an absence of self (Schervish and Havens 1997). Donors contribute when they perceive those whom they are helping as similar in some way to themselves, their spouse, their parents, their siblings, or their children.

In circumstances when people exert themselves on behalf of others, it is not the absence of self, but the identification of self, that matters. As such, it is philosophically inconsistent and practically unproductive to be looking to remove rather than to activate a commonality of interests (Martin 1994). Indeed, it has been and continues to be the wisdom of much good religion and psychology to set aside the model of selflessness in favor of a model of self-connection. As Thomas Aquinas took pains to point out in his writings on charity and friendship, it is the unity love of self with love of God and love of neighbor that grounds and generates a proper care for others.

A third dispositional vector shaping the new physics of philanthropy is the entrepreneurial temperament of wealthy donors. The major attribute of financial security is that it offers a greater range of choice. Wealth holders find that philanthropy is an especially attractive outlet for their wealth because it is a particularly welcoming setting in which to be creative, purposeful, and effective producers of the world around them. In philanthropy, as in business, individuals harness their intelligence, skills, and finances most energetically when they find something that needs to be done, that they want to do, and that has a higher probability of being done successfully because of their hands-on involvement (Schervish et al. 2001).

What is new about the so-called new philanthropy is not simply this entrepreneurial disposition, but how widespread and favored it has become. Never before have so many people, with so much wealth, with so
much energy, and with so much entrepreneurial instinct concluded that productively employing their financial wherewithal for the care of others is the path to effectiveness and happiness for themselves and their children.

The fourth animating force is that wealth holders are seeking, and finding in philanthropy, a more positive and productive dimension of financial morality than is to be found in simply eschewing leisure and limiting consumption. As wealth holders find that they and their children need to work for a smaller proportion of their lifetime, and as they reach the limit of their desire to consume, they come to recognize that a positive financial morality will require something more than instilling in their children the ethics of productive labor and conscientious consumption. As we have found in our interviews with wealth holders, more and more families are turning to philanthropy to explore what they perceive to be the profounder aspects of financial care and to teach them to their children (ibid., 2001).

A fifth vector is the desire, as many summarize their incentive, “to give back.” But there is an even more vital impetus at work than this salutary phrase conveys. For behind the desire to give back is a sense of gratitude, and behind that gratitude is the appreciation of blessing, gift, luck, or fortune. There are many dimensions to the spiritual secret of money, but one of the most powerful is the recognition that just as my fortune is not due entirely to my own merit, others’ misfortune may not be completely attributable to their own failure. This realization, it turns out, is a generative one. It forges an identification between donor and recipient as the offspring of a common parentage—one in which Dame Fortune blindly metes out advantages and disadvantages regardless of merit and asks its children of good fortune to care for their less fortunate kin.

A sixth vector contributing to the positive relationship between wealth and philanthropy concerns methods of fundraising that take into account the needs of donors for clarity, effectiveness, and significance in their giving. Fundraisers and charities are finding that donors are more inclined to give, and to give larger amounts, to the extent the latter are allowed to find the point of convergence where what needs to be done coincides with what they want to do. This means ensuring that donors are not just allowed but encouraged to go through a process of self-discovery about their material capacity, and more important, about their desire to be effective, to express their gratitude for good fortune, and to personally identify with the needs of people and causes that parallel their own experience. This discernment approach allows wealth holders the opportunity to reflect on their material capacities and spiritual inclinations in an atmosphere of liberty and inspiration, rather than one of guilt and dictated expectations. It does not deny the importance of charitable duty but seeks to make such duty self-discovered, and hence more wholeheartedly pursued and sustained.

Taken together, the vectors of the new physics of philanthropy provide an increasingly important aspect of spirituality in an age of affluence—both because they are creating quantitative changes in the relationship between wealth and philanthropy and because they are generating qualitative changes in the relationship between wealth and self-fulfillment. As more people achieve financial security, an even greater number will become highly affluent. This latter group, too, will join wealth holders in looking for ways to answer the spiritual questions raised by wealth, namely, how to put into practice their identification with the fate of others by productively carrying out the choices made available by their freedom from financial constraint. In this way, the new physics of philanthropy is but one of the first positive fruits of a more comprehensive and consequential new physics of wealth and affluence.

Paul G. Schervish

References and further reading
Proclamation was issued. She attended Shaw University (now Rust College), a Reconstruction-era institution run by white missionaries for the education of freed blacks of all ages.

The combination of two experiences formed the groundwork for Wells-Barnett’s outspoken criticism of lynching and additional future efforts against racism. The first was in 1884 when she was forced to leave her seat in a first-class train car because a non-first class train car, reserved for tobacco smoking, was the seating area designated for blacks. Although she won her case against the C&O Railroad in the lower court, the Tennessee State Supreme Court eventually overturned that verdict. The second event was in 1892 when three of her friends, black male grocers in Memphis, were lynched after they provided competition to a nearby white grocer.

Although part of an entire movement of black women journalists in the last half of the nineteenth century, Wells stood out as “The Princess of the Press” and became editor and co-owner of the militant Free Speech and Headlight, a Memphis weekly, when she was only twenty-one years old. Her articles condemning lynching led to her newspaper office being burned in 1892. At a speaking engagement in New York City that same year, she learned of a threat to her life if she continued her work in Tennessee. Rather than returning home, she went to England on a brief speaking tour and then settled in Chicago, where she continued her work against lynching.

After 1892, Wells led the first antilynching campaign in the United States. She authored A Red Record (1898) and Southern Horrors: Lynch Law in All Its Phases (1892), both of which gave detailed accounts of southern lynching and its history. Wells worked to organize antilynching societies, lecturing throughout much of the United States, Britain, and Scotland to raise awareness of lynching in the United States. After the lynching of the Memphis grocers in 1892, she wrote articles urging the black citizens of Memphis to leave and travel west—and hundreds did.

In addition to being a leader in the antilynching movement, Wells became an instrumental figure in the women’s club and women’s suffrage movements. Influenced by English women’s civic groups, she participated in the black women’s club movement,