

Endowment vs. "Empowerment"

*Peter Dobkin Hall, Acting Director of the Program on Nonprofit Organizations at Yale University, is the author of numerous works on the history of American philanthropy, including *Inventing the Nonprofit Sector* (1992). In an interview with Bob Edwards of National Public Radio's "Morning Edition," Hall gives some historical perspective to the flurry of headlines surrounding Ted Turner's billion-dollar gift to the United Nations.*

EDWARDS: In Atlanta and New York, accountants and lawyers are trying to work out the details of a \$1 billion donation pledged to the United Nations by Ted Turner. He said he would give UN agencies \$100 million a year for the next 10 years, and he also issued a challenge to wealthy Americans to increase their charitable giving.

Turner's pledge is the latest example of a philanthropic tradition pioneered by earlier American industrialists, such as Andrew Carnegie and John D. Rockefeller.

Peter Hall says that Turner's gift is substantial, but it is not as impressive as some of the earlier legacies. Rockefeller, for example, gave away more than \$1 billion, and that was in pre-World War II money.

HALL: Measured against Andrew Carnegie's giving away virtually all of his \$500 million fortune in World War I-era dollars, which would make it almost \$5 billion in today's dollars, Turner's gesture is certainly a generous one. But in terms of the scale of great benevolences, it is not terribly impressive

EDWARDS: Turner issued a challenge to other wealthy Americans to follow his example. He said there's no greater joy in life than giving to worthy causes. Do you expect his challenge to lead to an increase in giving by the wealthy?

HALL: That's very hard to say, because we live in a time when the values that move people to give charitably and the ways in which people can give charitably have changed a great deal. There are, essentially, two traditions of large-scale giving among America's wealthy in the 20th century. One of them is to give it away, or give it to an institution like a foundation or a university which will use it for good purposes.

The other is to use the money that you accumulate to empower your own workforce. It was this philosophy that led Henry Ford to engage in the

outrageous practice of paying his workers \$5 a day so that they could afford to buy the products that they were manufacturing.

Bill Gates, who is much maligned for his parsimony in terms of giving money away or giving as a philanthropist, has empowered the people who work with him. And I'm not talking about a small circle of associates; I'm talking about hundreds and hundreds of millionaires who in turn are in a position to make their own decisions about where their charitable dollars should go, rather than having the company or United Way or a corporate foundation make that decision for them. I think that is a modern version of "Fordism," and I think it's something which is an interesting and important alternative giving tradition.

EDWARDS: Carnegie was from that generation of industrialists that we call the robber barons. Now, Carnegie aside, were the rest of them as generous as today's billionaires or millionaires?

HALL: In fact there was something of a crisis in America in the 1890s, because there was a small group of very wealthy people, and there were very big questions as to what they would do with their money.

Carnegie had written "Wealth" [the seminal article in which he outlined his philanthropic plans] in 1889, but he hadn't really started giving his money away in a big way. The charitable grantmaking foundation had yet to be invented. John D. Rockefeller had many millions, but he was primarily giving to traditional kinds of charities—to the Baptist church and to the University of Chicago, which he was transforming -- but very conventional sorts of things.

And then a sort of traumatic incident occurred, and that was the death of Jay Gould, who was sort of the Bill Gates of his time. The railroad was to the American economy of the 19th century what the computer is to the American economy of a century later. And Gould died one of the wealthiest men of his time. I think he left about \$300 million, and not one cent to charity.

And so the response of reformers, who certainly didn't want a revolution, to Gould's death, was to mount what they called "a mission to the millionaires." They promoted Carnegie's ideas.

Basically they went out and created communities of discourse among the wealthy throughout the country. They did a survey of charitable giving in every American major city. They targeted particular wealthy people. And they created a set of public expectations about what the wealthy should do,

but they also helped educate the wealthy to the idea that traditional forms of charitable giving, in view of the scale of their fortunes and in view of the scale that they were accumulating, really required extraordinary imagination, not only in what you gave to, but in how you gave it.

And the appeal worked, according to some of the surveys done at the time. The level of giving by the wealthy between 1893, when Gould died, and the beginning of the 20th century was a very, very impressive gain.

EDWARDS: Do you think there's any sort of ethic now, any sort of moral responsibility to the same degree?

HALL: This is a similar world in some ways--in the sense that there are gross inequities in the distribution of wealth and revolutionary transformations in technology. But what's different is that there is a tremendous diversity of values.

Protestant Christianity is not the dominant religious belief in this country any more. There are many Protestantisms, there are many Catholicisms, there are many Judaisms. And then there are many other things--the growth of Islam, the growth of various New Age religious variants.

All of these bodies of belief, all of these faith traditions, carry with them different conceptions of the individual's responsibility to his community. It's probably not realistic to think of some uniform standard of charitableness becoming current in the face of such diversity.

And in fact I think that, as I said about Gates and many of the techno-millionaires, the preference for redistributing surplus through empowering their workers is an important counter-example to the more traditional Carnegie-Rockefeller charitable giving form.

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