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## SUPERPHILANTHROPY



MAX BORDERS

The Foundation for Economic Education

*Max Borders is editor of The Freeman magazine and director of content for The Foundation for Economic Education (FEE). This reading is excerpted with permission from Border's new book, Superwealth: Why We Should Stop Worrying About the Gap Between the Rich and the Poor (Throne Publishing Group, 2012). Find the complete book at [superwealthbook.com](http://superwealthbook.com)*

*The Americans make associations to give entertainment, to found seminaries, to build inns, to construct churches, to diffuse books. ... Wherever at the end of some new undertaking you see the government in France, or a man of rank in England, in the United States, you will be sure to find an association.*

— Alexis de Tocqueville

*Charity is injurious unless it helps the recipient to become independent of it.*

— John D. Rockefeller

You are reading this book right now thanks to the generosity of others. It's a sign of the times.

That is, philanthropy brought you this experience. There is the philanthropy of Tom Phillips, a man who started a media empire out of his garage with a \$1,000 investment. Phillips' foundation awards the Robert Novak Fellowship, of which I am a recipient.

Second, and perhaps just as importantly, you're reading this because of a clever team of innovators who created Kickstarter, an online crowd-funding tool that allows writers,

artists, filmmakers, and dancers to raise capital more easily. This was a good avenue for me because I wanted to publish my own book, in my own way, and at my own pace. A couple of hundred people on Kickstarter—some generous friends and family, some strangers—enabled me to do just that. Many are in the same financial situation as I (which is to say not rich). But crowd-funding changes the game. It's what Glenn Reynolds has called "an army of Davids," only they have giving spirits not stones and slings.

It is only fitting then that I devote this chapter to superphilanthropy.

Please understand, though, this is no extended acknowledgements page. My experience provides one small example among many, building up to a new age. This volume, whether I sell one hundred copies or ten thousand, will be read by *somebody*, thank goodness. Had I written it just ten years ago, it might have gone to that great graveyard of literary efforts having never stirred a human soul. But times are changing.

# SUPERPHILANTHROPY —CONTINUED

As we move further into this century of possibility, we must not let go of what is beautiful and foundational about our past. We stand on the shoulders of giants.

## The Greatest Generation

Dr. Dwight B. “Whitey” Hord, DDS—my grandfather on my mother’s side—never retired. For years he was pretty much the only dentist in Upper Cleveland County, N.C. A lot of people depended on him. When he was about forty, his joints started giving him problems due to a severe case of rheumatoid arthritis. His fingers were so gnarled he couldn’t straighten them. But it never disabled him. He scaled back his practice when he got into his late 70s but he knew if he ever stopped practicing, he would wither. So he never stopped and he never withered. Eventually he succumbed to complications of pneumonia but he practiced dentistry right up until he died. Even as his hands became utterly crippled, he would simply position the dental instruments between the knobby joints so he could work. And work he did.

Whitey was one of the Greatest Generation. I used to wonder about that term. I understood that living through the Depression and World War II would qualify someone for a nice designation. But it’s only as I’ve gotten older that I’ve begun to appreciate the contrasts between his generation and my own: the way they thought, the way they behaved, what they built. We’ve inherited the country and some of the riches, but as that generation passes, they take some of their greatness with them. (Let’s just hope it’s not irretrievable.)

Whitey was no different. After WWII he returned from the Pacific to create a life for himself back in his hometown of Lawndale, N.C. When the local high school failed to renew his teaching contract for having taught evolution, he went back to Chapel Hill to study in UNC’s first dental class. He might have gotten richer setting up a dental practice in an area with more people but he set up near his parents who had taken in

ironing and worked longer hours at the mill—all so he could study dentistry.

Not too long after starting up his practice, Whitey became a man of means. By today’s standards we might not think as much of his home atop the pine-covered hill there in sleepy Lawndale but to the people of the time, it must have been like Monticello. Whitey was a county patriarch, a community pillar, and a deacon of the church. In Upper Cleveland County, he was among the “one percent.” Doing well for oneself in small-town America is not always about becoming wealthy. There are tacit exchanges and deep responsibilities that go beyond money.

## Strange Produce and Mysterious Letters

Soon after Whitey got his practice going, he started coming home with strange things. At first it would be corn or just a bag of apples. Another day it might be a giant head of cabbage, a jar of chow chow, or block of liver mush. The kids never thought much of it—that is, until years later when even stranger things started showing up.

“A year or so before he died,” my Aunt Jean recalled, “he showed me a letter he received in the mail from someone who sent him a \$10 bill in an envelope. The unsigned note included that this was for services from many years before that the person couldn’t afford to pay at the time. Daddy didn’t know who sent it. The truth is, it could have been countless people and that was the beauty of it.”

Whitey was known for being private about financial matters.

“I recall him being surprised once when someone asked how much he paid for a car,” my Uncle Ed said. “He gave a vague response that politely drew a line. I suspect he extended that courtesy to his patients and their affairs.”

What Whitey did for the people in his community was really nobody’s business and yet in some way everybody knew about it. How

else would he have ended up with so much strange produce and so many mysterious letters? And how are his children still hearing things, years after his death, about what he did for people?

Within the family, stories of his frugality tend to outnumber stories of his generosity. My Uncle Ed admits these tales are “well documented in family lore.” That’s pretty typical of families. We don’t take the time to familiarize ourselves with good things about our loved ones when they’re alive. Likewise, because we enjoyed all the advantages of being the children and grandchildren of a successful dentist, we occupied ourselves with Whitey’s parsimony. Turns out his children and grandchildren were well taken care of and he was wise not to spoil us. We’re all better for it.

### **No Charge**

The first amazing thing about Whitey as a dentist is that he never charged a penny if he didn’t have to do any work. No cavities meant no charge. While an exam cost him another opportunity or some free time, perhaps Whitey felt a good checkup deserved a reward. Can you imagine a dentist not charging for a visit today?

Many summers, Whitey would spend Thursdays doing dental work for low-income kids. For many of those children, it would mean multiple visits to fill multiple cavities. They all left with a new toothbrush, a tube of toothpaste, and whiter smiles—for which Whitey never received a dime.

He also used to pack his tools and do a “house call” every year to a young woman with cerebral palsy. My Aunt Jean, the youngest, used to assist him.

“I remember being with him as he tried to clean her teeth and do repair work while she twisted and jerked involuntarily,” Aunt Jean said.

And, of course, there are those bills that should have been coming due. In a small

town, they’re probably people you know. My Aunt Ellen (third-born sibling) helped out in the dental office many times over the years.

“When I was helping Daddy with his office affairs,” Aunt Ellen recalled, “he wouldn’t let me send second notices to patients. He told me that they knew they owed him and they must not have the money to pay. He didn’t want to embarrass them by sending additional notices.” Embarrass them? That seems like such a distant consideration in an era of collection agencies. Yet in a genuinely bottom-up community, looking out for the dignity of every member is essential to its cohesion.

### **Black and White**

My mother, Ann (the second of Whitey’s four children), told me she once tried to shame her father about having had a segregated waiting room. Her grilling came at a time when the national mood had finally turned away from Jim Crow. My mother’s youthful indignation was peaking. Whitey patiently explained to her that some dentists in rural North Carolina wouldn’t even put their hands into the mouths of black patients back in those days. My mother realized her Dad had probably been the only source of dental care for blacks in the area. When it dawned on her that he rarely ever charged his poorest patients (most of whom were black), she also saw that Whitey could have provided no service to anyone at all had he tried completely to buck the system. Things are rarely so black and white.

### **Right Back Where It Started**

Whitey was realistic about wealth accumulation, too. As most North Carolinians were in those days, Whitey was a lifelong Southern Democrat and yet my mother once asked him why—given all the suffering and inequality in the world—didn’t ‘we’ just redistribute all the wealth so that everybody could have equal portions. That seemed like the fair thing.

“Before too long, it would end up right back where it started,” he said. The great philosopher Robert Nozick couldn’t have said it any better.

# SUPERPHILANTHROPY —CONTINUED

## The Oseola McCarty Ethic

Maybe you've heard of Oseola McCarty. She's the woman who took in laundry and ironing to eke out a living in Mississippi. She scraped, saved, and lived austere for most of her life, starting when she was teenager. That is, until 1995. That was the year she gave her life savings, \$150,000, to the local college, Southern Mississippi University. Since she could remember, she had always wanted to be a nurse. So her whole life savings went to setting up a scholarship fund so that young women would be able to study nursing.

When McCarty gave her gift, she didn't just give it to anyone, anywhere. She gave locally. She gave based on what she knew and what held meaning for her. She also gave in a way that would help young women pull themselves up by the bootstraps, rather than offering the money as a handout. If she'd wanted simply to give her money away, she could have simply divided it into envelopes and stuffed it into the mailboxes of people along a poor street in Hattiesburg, Miss., but her ethic said otherwise. She wanted to give wisely by investing in Hattiesburg's human capital.

"Contributions from more than 600 donors have added some \$330,000 to the original scholarship fund of \$150,000," writes Rick Bragg in *The New York Times*. "After hearing of Miss McCarty's gift, Ted Turner, a multi-billionaire, gave away a billion dollars."<sup>1</sup>

Oseola McCarty had not only left a legacy, she had started a movement. But what does her gift mean? It's certainly about dying knowing you've lived a life of meaning, whatever your means. It's also about leaving a trace. Some people believe that a life of meaning is about posterity—leaving the world somehow better than you found it. Oseola McCarty certainly did but her gift is also about community—real community.

## Adjacent Opportunities

Ms. McCarty's ethic is admirable but so also is her method. You see, McCarty sought out

what social entrepreneurship guru Ron Schultz calls "adjacent opportunities."

Recall that Stuart Kauffman's "adjacent possible" are phenomena that emerge locally. For example, the adjacent possible in entrepreneurship is about having what the great Austrian economist Israel Kirzner calls an "alertness" to opportunities in the marketplace, which reduces the margins of a competitor and brings value to customers. This alertness is almost always having sensitivity to that which is already familiar to you. In the social entrepreneurship space, adjacent opportunities are those that emerge as you interact with people in your community. Your sensitivity to such opportunities is a kind of mindfulness. It's not always about radical localization of your philanthropic instincts, but it *almost always* is (or perhaps, should be.) Why would people like Ron Schultz suggest localizing social entrepreneurship?

The closer you are to the action, the better equipped you are to determine whether your gift is needed and the results of your giving are good. It's simply easier to be mindful if you know the people and the terrain. As Schultz puts it:

In practicing this level of engagement, we discover that something rather unexpected happens. When we operate from a mindful image of the world we encounter, we see things we might previously have missed. We still bring our causal chain of experience with us, but as we break through the patterned behavior and habitual responses that have influenced it in the past, and add a new and more present way of looking at the world we encounter, the possibility space surrounding us enlarges and we see more within it with greater clarity, so that when something does appear that we hadn't seen before, we recognize it before it hits us on the side of the head or passes us by.<sup>2</sup>

Mindfulness—especially when it comes to those affective bonds we can form with our family, friends, and neighbors—changes the dynamic; it changes the *karma*. Thus, mindfulness will be the first virtue to embrace in restoring those bonds of community required to usher in an age of superphilanthropy.

### Digital Opportunities

Of course, adjacent opportunities may not always be local, especially in the digital age. This book was funded by people all over the world who had had some contact with my work. Weirdly, as I wrote the previous sentence, I got a Facebook note from a Chicago-based friend. It read:

I'm raising money for the organization at which I tutor a ninth-grader named Davion who goes to Lincoln Park High School. I've been working with him since September and he's really now coming out of his shell. Just yesterday we talked for two hours about Homer's *Odyssey*. We discussed Odysseus' trials and whether his actions were those of a good leader. Davion thinks he is a good leader and is writing an essay about it now.

If you are so inclined, please donate to Cabrini Connections through the link below.

Normally I might reserve my five-dollar micro-gift for something or someone I know a little more about, but in this case I know my friend in Chicago. Not only is he getting results with the young man, but I was able to follow up and do a little more digging. Now it has become personal. I consider that an adjacent opportunity to give even if it was discovered through digital means. Of course, the Web can allow us to be careless with our giving, but if the Web connects us with knowledgeable people on the ground, that's a good thing because in the end high-quality knowledge is local knowledge.

### Rugged Communitarianism

Due to more than half a century of the welfare state in the United States, part of what we're losing is not just rugged individualism, but rugged communitarianism. These are the bonds of community for which America was once known. The state has helped to unravel them.

It may sound paradoxical, but strong community does not simply arise out of repeated interactions with people you know, say, down at the corner store or the church potluck dinner. Community often arises out of need. When Ralph Nader said, "A society that has more justice is a society that needs less charity," he got it mixed up. *A society that has more justice is a society that has more charity but needs less of it.* Rugged communitarians don't see justice (or charity) as compulsory. They see it as flowing from the beating heart of community—which also means flowing from within oneself as a community member.

Left to their own devices, people will architect civil society from the bottom up. In other words, philanthropy and mutual aid are rarely, if ever, the artifacts of central planning. They are the way people solve problems, help each other, and guard against the uglier things life can throw at them. But these structures of civil society are fragile. As quickly as we construct them, we can lose them.

As of 1931, only 93,000 families received state assistance in the precursor to Aid to Families with Dependent Children (AFDC), according to David Beito in *The Voluntary City*. By contrast, in 1995, 17 percent of the U.S. population received analogous state assistance.

"Paradoxically, this rise in the welfare rolls has occurred despite a substantial decline in poverty rates," Beito writes. "This raises an obvious question: how were poor people once able to avoid dependence?"<sup>3</sup>

The answer, at least in part, is that they could turn to any one of thousands of mutual aid societies, lodges, or fraternal organ-



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izations that no longer exist today. (If they do, most of the organizations may exist in name only, as the missions will have changed.) Allow me to pilfer a quote from economist Beito who uncovered this in his more diligent research. In 1934, a spokesman for the Modern Woodmen of America wrote (note: members are called “neighbors” and lodges “camps”):

[A] few dollars given here, a small sum there to help a stricken member back on his feet or keep his protection in force during a crisis in his financial affairs; a sick Neighbor's wheat harvested, his grain haled to market, his winter's fuel cut or a home built to replace one destroyed by a midnight fire—thus has fraternity been at work among a million members in 14,000 camps.

These features of civil society were evident to visitors in these times. Tocqueville famously documented them in *Democracy in America* but their rich tradition extends back in time to pre-America Europe. The British-friendly societies are but one example. “Some organizations, such as the United General Sea Box of Borrowstouness Friendly Society and the Sea Box Society of St. Andrews, appeared as early as the 1630s and 1640s,” Beito writes.<sup>4</sup> Friendly societies enjoyed robust growth as the British began to find their way to America.

Britain's mutual-aid traditions continued in New England. In 1733, the first Masonic lodge opened in Boston and Philadelphia's came next, but as with many new things these societies began among the elites. The American Revolution served to democratize the Freemasons. While the Masonic Lodge still catered to elites, the post-Revolution period was far less exclusive, according to Beito:

By the 1780s, modifications began to be introduced to this [decentralized] system. The state grand lodges stabled charity committees to supplement (al-

though never supplant) the local lodges. In 1789, the Pennsylvania Grand Lodge established a fund that was financed through annual assessments of sixty-five cents per member. That same year, the Connecticut Grand Lodge began to deposit three dollars of each initiation fee in a state charity fund.

These societies helped insure against sickness, burial, and all manner of misfortunes. As they developed, their internal rules and local flavors became more distinctive.

Aid to members was not a blanket policy. Applications for aid in most associations were considered on a case-by-case basis.

The Scots Charitable Society, for instance, allocated funds for such diverse purposes as ship passage, prison bail and an old-age pension. It also paid regular stipends to a widow who had lost her husband at sea. [...] Extant records of these organizations invariably classify any case dispersals as “charity” and “relief” rather than “benefits.”

All told, members were able to formulate internal checks to keep applicants from taking advantage—something the state has a very difficult time doing when distributing “entitlements.”

According to Beito the 1800s saw a flowering of mutual-aid societies—from the Odd Fellows, a national insurance organization, to the Ancient Order of United Workmen. These were some of the more prominent societies. Hundreds of new organizations emerged as the nineteenth century unfolded; names like The Royal Arcanum, the Knights of Honor, and The Order of the Iron Hall, now almost entirely forgotten, were among those that sprang up around the country. “The ranks of fraternalism had become nothing less than an ‘enormous army,’” writes Beito, citing a magazine of the time. “The foot soldiers were ‘middle-class workmen, the salaried clerk, the farmer, the artisan, the

country merchant, and the laborer,' all attempting to 'insure their helpless broods against abject poverty.'"<sup>5</sup>

### What Became of the Mutual-Aid Societies?

By the turn of the twentieth century, it would seem that the future of mutual-aid societies could not have been brighter. But the modern welfare state soon replaced great swaths of this robust sector. Voluntary association is often a creature of mutual human need. Government, for better or worse (and I think worse), undermined this by constructing a giant aid monopoly. Beito reminds us that “much that transcended money calculations was lost in the exchange. There has not yet arisen a modern analog to the fraternal society either as a provider of services, such as low-cost medical care, or as a device to encourage the spread of the survival values of thrift, neighborhood cooperation, and individual responsibility.”<sup>6</sup> Mutual-aid societies were the natural product of Schultz’ adjacent opportunities but the invisible threats that weave communities together cannot long withstand the weight of largesse.

Government, by its nature, produces no good from adjacent opportunities, which are decentralized and require local knowledge. Thus, the welfare state uses resources like a blunt instrument. The n’er-do-well who begs his fellows in the lodge for a handout may or may not get it, but either way he is likely to get wise council and correctives from his peers. The state with all its functionaries cannot hope to reproduce the profound connections created by local circumstances among real neighbors.

### Living and Feeling Invisible Structures

My friend and fellow writer Michael Gibson shared with his blog readers a passage from a book by Jonathan Haidt called *The Righteous Mind*. In it, Haidt relates his personal story of coming to something like cultural relativism—a view that helped him become much more

tolerant and far less dogmatic about his own secular American liberal sensibilities:

On one hand, I was a twenty-nine-year-old liberal atheist with very definite views about right and wrong. On the other hand, I wanted to be like those open-minded anthropologists I had read so much about and had studied with, such as Alan Fiske and Richard Shweder. My first few weeks in Bhubaneswar [India] were therefore filled with feelings of shock and dissonance. I dined with men whose wives silently served us and then retreated to the kitchen, not speaking to me the entire evening. I was told to be stricter with my servants, and to stop thanking them for serving me. I watched people bathe and cook with visibly polluted water that was held to be sacred. In short, I was immersed in a sex-segregated, hierarchically stratified, devoutly religious society, and I was committed to understanding it on its own terms.

It only took a few weeks for my dissonance to disappear, not because I was a natural anthropologist but because the normal capacity for empathy kicked in. I liked these people who were hosting me, helping me, and teaching me. . . . Rather than automatically rejecting the men as sexist oppressors and pitying the women, children, and servants as helpless victims, I began to see a moral world in which families, not individuals, are the basic unit of society, and the members of each extended family (including its servants) are intensely interdependent. In this world, equality and personal autonomy were not sacred values. Honoring elders, gods, and guests, protecting subordinates, and fulfilling one’s role-based duties were more important.

I had read about Shweder’s ethic of community and had understood it intellectually. But now *for the first time in my life, I began to feel it.*<sup>7</sup>

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This passage gives rise to a lot of interesting issues we'll have to pass over. In the context of this discussion, what's so powerful is not that one might come to appreciate some cultural norm that is currently seen as repugnant. It is rather that the passage unpacks something else about those invisible structures that bind people together within communities and cultures. That there is so much variation among communities and cultures may also be more than just an academic point.

I wonder what Haidt might have written had he traveled to 1950s North Carolina to work with my grandfather treating black patients *pro bono* after they had had to suffer the indignity of waiting in a blacks-only waiting room. I wonder what Haidt might have written if he'd traveled to 1890s and lived among the members of a single lodge in that "enormous army" of mutual associations that helped people survive and thrive an era before the rise of the welfare state. The point in letting one's mind wonder like this is not to apologize for injustice or justify cultural relativism. Rather it is to get us into habits of being that keep us mindful of the adjacent possible, that let us see the invisible structures of community, and that give us healthy skepticism about the centralization of, well, anything. Thanks to politics, we have replaced the generosity structures within a thousand communities with the Department of Health and Human Services. The government steamrolls over the shoots and saplings of emergent community.

Commenting on the passage, Michael Gibson writes:

No amount of arguing could have led Haidt to adopt these attitudes. No deduction from moral principles in a reflective equilibrium could have led to these intuitions. They had to be lived and then felt. Not that this suite of moral sentiments presents a better way of life. But it does show how people can change. In a world of robust competition between jurisdictions, we should

see a variety of different ways of life. That variety is a good thing. But if anything like a free society can flourish amid the competition, it will be because people have opted into it and have grown accustomed to its norms and values. That will be the larger force for change. Arguing for people in Chicago or Los Angeles to adopt those attitudes today one by one doesn't stand a chance.

Analogously, we might wonder whether *in a world of robust competition between charities and communities of mutual aid, we should see a variety of different ways to lift each other up. That variety is a good thing, but if anything like a poverty-free society could flourish amid the competition, it would be because people have opted into it and have grown accustomed to its norms and values.*

### Politics as Tug o' War

Politics is like turf war. Tug o' war. King of the mountain. Politics is a game of winner-take-all that is balanced only by compromise, horse-trading, and the occasional threat of an electoral rout. At the end of the process, one single way of doing things gets set into motion, then that way gets institutionalized. The experimentation process made possible through variety, trial-and-error, and competition grinds to a stop.

Moreover, titanic election cycles mean we're sinking resources into deadweight activism. More and more resources are going into the promises of politicians who consistently let us down. The system is rigged—left, right, and center. Corporations are spending more time, energy, and money protecting their asses, colluding with politicians, or chasing the spoils of legislation instead of innovating.

Entrepreneurship, social or otherwise, is starting to languish. The resources we use to play political tug o' war don't get used on positive social change. As a result, we're increasingly disillusioned, polarized, and angry. Why can't we just abandon this paradigm?



It's a tit-for-tat struggle, which means each side seeks domination. If one side were to capitulate or redirect too many resources, the other side would seize the opportunity to gain power. It's not the worst of possible outcomes, but it's certainly not the best. One thing is clear: If we could find our way out of the political paradigm we could do better. If we could find our way to a transpartisan paradigm, we could unleash superphilanthropy.

### **Deadweight Activism**

What does a transpartisan paradigm look like?

The potential of supercharged, distributed philanthropy could be unleashed if the state got out of the social change business. Right now, that doesn't seem likely. Understanding about the power of distributed philanthropy has not caught up with how people actually use it. For example, as we have suggested, a lot of giving and organization is wasted on electoral politics—i.e. who gets to run the show and what legislation will direct the government to take care of people.

Political tribalism drives our thinking. That tribal thinking often keeps us in the mode of dead-weight activism, which strengthens and reinforces the status quo. According to the Center for Responsive Politics, the 2008 presidential race cost an estimated \$2.4 billion, about double that of 2004. The entire election cycle cost \$5.3 billion.<sup>8</sup> What if every dime of that went to philanthropic organizations making real, positive social change?

Just think about what all the fighting is over: entitlement spending alone accounts for about 10 percent of U.S. GDP<sup>9</sup> One-tenth of our economy is going to bureaucratic means of "helping" people in various ways, from healthcare to welfare. What if just a quarter of those resources went to distributed philanthropy; that is, to a new, high-performance market of social values with its attendant experimentation and feedback loops?

Social entrepreneurship could not only be a powerful new sector, but it could unleash

some of the value currently being pressed down by the monoliths of state bureaucracy. Social problems could be solved by the wisdom of crowds rather than the whims of legislators. We might disagree about the extent to which there is room for both public entitlements and private charity, but perhaps we can agree that there is considerable crowding-out of charity by the public sector. Government simply doesn't do "distributed" well.

Despite the fact that government consumes most of what could reasonably go to supercharged, distributed philanthropy, giving is alive and well. In 2008, people gave in excess of \$307 million, despite a major recession.<sup>10</sup> That is a staggering amount. It may seem modest next to recent stimulus bills, bank bailouts, and industry nationalizations we were all compelled to pay for, but Americans are still generous by any measure. If this level of giving continues and these resources can become positively channeled using technology, we are likely to see unprecedented social change occur as the transaction costs for information sharing, coordination, and funding continue to fall.

### **Philanthropy Unchained<sup>11</sup>**

Ronald Coase's seminal 1937 work *The Nature of the Firm* poses an important question: Why do folks organize into firms? Why isn't there a totally "free" market in labor? Or, more prosaically, why do organizations take on scales that result in relatively costly, hierarchical forms of order? Coase's answer is "transaction costs." The firm reduces the costs that would be incurred to continually coordinate actions among scattered people with disparate skill sets, all of whom would have to contract with one another, hammer out details of said contracts, and then get together somehow to divide labor and accomplish something profitable. So, up to a certain point, organizations arranged like hierarchies have been less costly to organize because it is usually cheaper for some people to give orders and some to take them (the former pay the latter for the privilege). But that is changing and fast.

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Enter technology. Social media are lowering the costs of organizing and giving. Firms are still around, but these industrial forms certainly don't look like they did in 1937. Some people are starting to organize for certain things without organizations, from political activism to charitable giving. Clay Shirky describes the phenomenon well in his book *Here Comes Everybody*. He hits squarely upon the implications of these new media when he writes: "Groups like ex-Jehovah's Witnesses and the Pro-Ana [anorexic] girls no longer need social support to gather; they all operate under the Coasean floor, where lowered transaction costs have made gathering together so simple that anyone can do it."<sup>12</sup>

The big-picture implications of these media lag their mass utilitarian uptake. Your teen tweets and grandma stalks on Facebook without grasping the enormous social transformation of which they are a part. Philanthropy already figures into this dynamic; indeed, even if people gave less to charity in the future, we could do so much more with less due to the kinds of efficiencies distributed philanthropy will enable. We can look forward to Tocqueville's America on steroids, Coase's firm becoming less hierarchical, and Smith's invisible hand extending to help like never before.

### Experimentation

Competition is a loaded term. Its connotations could make us lose sight of its power in the voluntary sector. Let me borrow a sliver from Allen Meltzer and James Madison to put the idea into perspective:

Competition brings choice and improved relevance not only to commerce but also to religion. James Madison believed that competing churches would prove stronger than an established state church—because each would appeal to its members and try to attract others. Time proved Madison right. In Europe, the state supports established churches, yet organized religion is weak; the public rejects the state's religion monopoly by simply not participating.<sup>13</sup>

Religious freedom is guaranteed by the First Amendment to the U.S. Constitution but because Congress can make no law establishing a state religion, religion is a free-market phenomenon. There is no shortage of churches, temples, and places of worship, and there is tremendous variety. They compete for your attendance and your tithes. From old sects, new sects are born. The process is evolutionary. Some organizations change with the times and others find solace in old ways or traditional rules and liturgy, but there is tremendous experimentation in the market for religion due to competition among these places of worship.

The charity sector is no different. There is tremendous competition among groups vying for a piece of your giving spirit. Poverty relief, in particular, could use a lot more market discipline. Of course, non-profit organizations don't function, strictly speaking, within a profit and loss system. Figuring out better proxies for effectiveness, such as transparency and accountability mechanisms, will be a major aspect of superphilanthropy as it emerges.

When it comes right down to it, though, some organizations will live and some will die. Often in the non-profit sector, survival is not always about which non-profit is the most effective. Sometimes it comes down to brand recognition or effective marketing. Still, that's why it is incumbent upon us to become more responsible philanthropists. We must do our due diligence and we must look for more adjacent opportunities as opposed grand designs because, ultimately, failure due to competition and experimentation is far preferable to a single monolithic failure.

### The First Stirrings

The first stirrings of superphilanthropy are already with us. The field of education, for example, seems especially attractive to new philanthropists, and their activities hint at what the future of superphilanthropy might look like. In 2008, the last year *Fast Company*

magazine put out its Social Capitalist Awards, one-third of the forty-five social philanthropies listed had been founded to address some aspect of American education. To my mind this is another among many indications that the government school system has failed.

Donor's Choose, one of the 15 school-oriented groups that made the list, allows teachers to sign up and ask donors for needed books, computers, or other classroom materials. However, Donor's Choose doesn't allow private schools to participate, which reflects a bias against private education—whether for-profit or non-profit. It also suggests just how many wasted resources are going into fixing a failed system. Consider that in Austin, Texas, the average per-student private tuition is about \$8,000 a year. For the government schools? Cost per pupil is about \$9,000 per student, even as it has dropped sharply from years prior.<sup>15</sup>

Given the poor performance of government schools (bankrolled through coercive taxation) and the lower cost and higher quality of private schools, shouldn't we question all this philanthropic support for an expensive, dying system? Might we stop thinking in the public (good)/private (bad) duality and start thinking in terms of what is effective for teaching kids? Indeed, it may also be time to dispel the stereotypes of the non-profit versus the for-profit organization.

I'm reminded of a passage from Whole Foods CEO John Mackey in an essay called "Creating a New Paradigm for Business":

A wall exists between the non-profits and the for-profits consisting partly of the stereotypes that exist in our society today. Non-profits are viewed as good because they have altruistic, idealistic goals. [...] [N]on-profits often believe that money "grows on trees," and because their ideals are altruistic, they are seen as "angels." Non-profits sponsor idealistic events like AIDS walks and they

have an environmental consciousness. On the other side of the wall you will see the clear contrast with the for-profit sector of business. You see the stereotype of the greedy businessman with dollar signs in his eyes, grasping after money, and smokestacks popping up all around the world. The angel is transformed into a devil because again, the only goal is to maximize profits and that is seen as simply selfish and greedy.<sup>16</sup>

Mackey believes these stereotypes have outlived their usefulness; that the wall between non-profit and for-profit needs to be torn down and "the polarities integrated." He suggests that a more holistic model of the organization is due, that machine metaphors for organizations ought to be abandoned, and that profit is one side of a coin whose other face is what Mackey calls a "deeper purpose."

Private schools can absolutely be "deeper purpose" initiatives. Social entrepreneur Michael Strong, who has helped found four schools, writes:

In each case the school was proprietary primarily in order to ensure founder's control. Often non-profit boards can drift away from founder's intent. Each proprietary school would have liked to be profitable, but in the world of high-touch, high-quality education that I love, it is tough to make a profit.<sup>17</sup>

Strong's blunt assessment is interesting given that he is normally relentlessly optimistic. He does believe there is room for high-quality, low-cost education despite heavy state subsidies for state schools. But his realism goes to my point that people who love alternative education aren't necessarily in it for the money (as my wife and I can attest). It is a shame, though, that "edupreneurs" have to compete with a system of "free" government schools that exist in large part to enrich developers (who build Taj Ma-schools) and in large part to maintain an administrative apparatus

# SUPERPHILANTHROPY —CONTINUED

that sucks resources right out of the classrooms without bringing much value to students.

Whatever you think about government versus private schools, there are bright spots in educational philanthropy that foreshadow an education revolution currently in the making: I'm thinking about Khan Academy, for example, which organizes lessons on an array of subjects across levels of ability. Anyone can access these lessons online at no cost to them. All you need is a computer and an Internet connection.

## Tocqueville on Steroids

What does all this mean for philanthropy? Decentralization due to social technology fundamentally changes the way we make the world a better place through giving. How? By lowering costs in three primary areas: acquiring information, coordinating action, and funding initiatives. Often, we give based on an organization's reputation and perhaps some anecdotal evidence of the good it does.

What if we had greater access to information about specific projects and the results of organizational activity? We'd be much smarter givers. Also, what if it was easier just to get people together and get them active, say, as community volunteers? Organizations or determined individuals would have greater access to human capital. Finally, what if it was simpler and more convenient to give even a small amount—\$20, \$5, even \$1, all of which could add up for some worthy group (as long as said group has an army of givers)? These three factors alone will continue to transform the philanthropic sector in ways we cannot entirely predict.

## Post Script: A Coming Age of Abundance

As technocrats try to run and fix the economy in the near term, we are likely to see ongoing stagnation. As of this writing, we are still experiencing the longest recovery since the Great Depression. We stand at the precipice of a fiscal chasm made by entitlement spending, federal debt, personal debts and other unfunded liabilities at the state and local levels. I will not editorialize on technocratic efforts to prop up the economy except to say that things may yet get much worse before they get better.

Over the long term, however, I think we will enter a radical age of abundance. An age of connection is being layered atop an age of commerce. Day by day the costs of goods and services we once thought would remain high are trending towards zero as our technologies make certain kinds of scarcities obsolete. We will someday enter an experience economy—one that's a different beast from the economy we're used to. People will still be unequal in terms of their income and what assets they control (and that's not a bug), but we will nearly all be better off relative to any time in the past.

My friend social entrepreneur Mark Frazier wonders how this coming age will affect us. Will the ties of community based on mutual need continue to fray thanks to centralized charity (welfare) and the comfort of the coming plenty? Or will abundance lower the costs of each of us to become a superphilanthropist? I cannot say. But one thing is clear: superphilanthropy doesn't originate in the economic tides of history and change. It originates in the hearts of good people everywhere—people like my grandfather.

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