

## POLITICS SYMPOSIUM

# Introduction to Advancing Philanthropic Scholarship: The Implications of Transformation

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Philanthropy—the voluntary dispensing of private wealth for public purposes—is undergoing a profound transformation and, in the process, changing how we confront public problems. In the July 2016 issue of this journal, seven political scientists argued that we should take philanthropy seriously because it is inextricably bound to many of our discipline’s core questions, including inequality, power, accountability, and governance (Berry 2016; Goss 2016; Hertel-Fernandez 2016; Reckhow 2016; Reich 2016; Skocpol 2016; Teles 2016). The articles in this issue take the next step by spotlighting how new forms of philanthropy—broadly understood—are crisscrossing the boundaries of the market, state, and civil-society sectors to address public problems—and doing so with little scrutiny by political scientists or policy makers. Embedded in this new philanthropy are normative assumptions about the role of the state that deserve greater attention and policy dilemmas that demand resolution.

We often think of civil society, of which private philanthropy is a part, as a set of institutions that exist outside of the state or market and that offer a backstop against the failures of each. In reality, however, the boundaries among civil society, the state, and the market have been blurred, negotiated, and contested for most of American history (Hall 2006; Salamon 1987). The state both regulates civil society’s role in governance and depends on that sector as a partner in the delivery of state-funded services (Berry 2003; Salamon 1987; Smith and Lipsky 1993). Likewise, market capitalism generates the wealth that fuels large-scale philanthropy while also producing the negative externalities that philanthropic organizations often address. The sectors’ interdependence notwithstanding, it is tempting to see philanthropy as an independent force for

good—society’s “passing gear” (Ylvisaker 1987) on the road to a more perfect union. As *Forbes* magazine recently intoned, “Governments no longer seem capable of executing big ideas. Ditto for major corporations. It’s left to entrepreneurial capitalism to innovate. And modern-day philanthropy taps the same skills, substituting public good for profit” (Lane 2013, 10).

What is public good and how are we to produce it? As citizens and lawmakers grapple with these questions, philanthropists have stepped forward to answer them. In his famous essay *Wealth*, Andrew Carnegie (1899) argued that unfettered capitalism created a duty to distribute excess riches for the benefit of the community. The plutocrats of Carnegie’s generation built libraries, universities, and other engines of intellectual progress, and they pioneered “scientific philanthropy” to attack the root causes of poverty. Today’s billionaire plutocrats—more than 150 and counting—have issued a public “Giving Pledge” to distribute more than half of their wealth before they die (see [www.givingpledge.org](http://www.givingpledge.org)). The scientific philanthropy of yesteryear has given rise to today’s “philanthrocapitalism,” an engaged, metrics-driven approach that imagines philanthropy as risk capital in the public interest (Bishop and Green 2010; Edwards 2008; Freeland 2013). In an age of inequality, hyper-partisanship, and dysfunctional governance, philanthropic individuals and organizations are imagining and executing novel approaches to everything from gun violence prevention to alternative energy development to public school reform (Callahan 2017; Goss 2016; McGoey 2015; Reckhow 2016).

As Angela Eikenberry and Roseanne Mirabella argue in this issue, today’s philanthropy is couched in the benign discourse of “effectiveness.” However, in its practical manifestations, the drive for effectiveness raises questions of concern to political

science: What power and agency do “beneficiaries” have as subjects of donor metrics? Along these lines, Patricia Mooney Nickel (this issue) asks us to think deeply about the political assumptions embedded in philanthropy as a systemic approach

widespread interest in social innovation and social entrepreneurship, these new hybrid forms have attracted substantial interest from policy makers and practitioners. Policy makers have responded to this interest by encouraging

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to the promotion of well-being. What implications does the widespread embrace of philanthropy have for social rights and other claims against the state?

These normative questions are becoming even muddier as philanthropy transmogrifies. Given the inability of any one donor to provide the means to solve complex social challenges, Salamon (2014) argued that a philanthropic revolution has begun. To create social value, donors and social entrepreneurs are inventing creative financial mechanisms; developing hybrid organizations that blend nonprofit and for-profit functions; and repurposing corporate entities to attack problems through politics, policy advocacy, and charity. For example, Facebook founder Mark Zuckerberg and pediatrician Priscilla Chan recently announced that they would donate more than 99% of their wealth—estimated at \$45 billion—to public causes. Rather than working through a charitable foundation, which would be subject to federal transparency requirements and severe limitations on political activity, Zuckerberg and Chan are using a limited liability corporation structure that will allow for a wide range of change strategies to achieve programmatic impact.

Despite widespread attention in the popular press to these new and noteworthy initiatives, they remain significantly understudied by scholars. An important goal of this symposium is to highlight new developments in philanthropy that merit the attention of political scientists and build on relevant research. In particular, Kathryn Webb Farley (this issue) presents an overview of the peer-reviewed literature on philanthropy that has appeared in political science, public

the formation. However, attention to the accountability of these new entities generally has been lacking. Vaughan and Arsenault’s article addresses this lacuna in the literature. More generally, the growth of different types of hybrid organizations—including social enterprises mixing philanthropic and market norms—invigorates longstanding concerns about legitimacy, accountability, and transparency in decision making (Smith 2014). For example, certified B Corporations are required to publish their certification report; however, the report provides little information on the actual impact (Anner 2014).

The new philanthropy raises deep questions about the exercise of democratic voice. As wealthy donors become more engaged with their giving, Eikenberry and Mirabella (this issue) and Nickel (this issue) wonder how the nonprofit sector can continue to provide an unfettered space for advocacy and resistance. Instead, the strategic use of philanthropy to influence public policy may create opportunities for donors to influence public policy without sufficient public input. Should the details of gift agreements that stand to change an institution be publicized to make clear who was responsible for decision making? Given the growth of inequality and the number of large gifts, the potential for donor influence and control—even over major public institutions—has become a more urgent concern (Ostrander 2007).

This issue relates to the depoliticization of public decisions in favor of relying on the decisions of individuals and institutions with the means and inclination to give.

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administration, and nonprofit journals, with a particular focus on philanthropy’s nexus with governance and policy choices. In addition, Shannon Vaughan and Shelley Arsenault (this issue) describe the regulatory conundrums posed by new hybrid organization forms that mix nonprofit and for-profit features. In particular, they focus on for-profit forms with a social mission: benefit corporations and B Corporations. Both are for-profit entities that pursue a community and social mission while making profits—the former through a distinct legal status of incorporation and the latter through certification of adherence to a set of criteria that demonstrate their social purpose (Honeyman 2014). Given the

Increasingly, donors and foundations are concerned with the outcomes and performance of nonprofit grantees. Foundations are exhorted to act like investors and to focus on the measurable impact of their grants (or investments) on local communities (Bailin 2003). Yet Eikenberry and Mirabella suggest that the push to performance might have deleterious effects, including a focus on narrow metrics that do not capture the potentially positive roles of nonprofits as representatives of local citizens and their communities. Moreover, performance metrics tend to focus on easily quantified outputs, such as the number of people served. But a focus on quantifiable metrics may lead funders to undervalue other,

less easily measured but equally important functions of nonprofits, such as advocacy (Berry 2016).

We hope that these contributions spark a lively debate that helps shape the future of philanthropic endeavors. It is imperative that we better understand how individual and institutional donors, in their manifold and evolving forms, influence the various stages of the public policy process. ■

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