

## **Future of Philanthropy: Philanthropy for Global Equity**

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I'm honored to have been invited by Chris Letts to join this executive session, particularly because I am able to re-establish many old friendships. The future of philanthropy reminds me of a Yogi Berra's saying: "Predictions are very tough, especially if it's about the future!" Our only guide to an unknown future is the past. Understanding history helps think about the future, but one thing history teaches us is that linear projections into the future invariably are flawed, as demonstrated by the shock of September 11<sup>th</sup>. Grappling with the future is like navigating a ship at night with only a lantern in the stern!

Barry Gaberman of the Ford Foundation described three phases of American philanthropy. Modern philanthropy started about a century ago, characterized by great ambition, addressing "root causes" of social problems, and introducing professionals in modern organizations. A second phase was marked by the 1967 tax reform act calling for greater transparency and accountability. Globalization in the 1990s spurred great wealth creation. As a consequence, our contemporary era is characterized by a search for impact, the entry of new philanthropic actors, and a proliferation of new mechanisms.

To stimulate discussion, one hypothesis that I would like to advance today is that this current phase is also marked by the emergence of "global philanthropy," by which I mean philanthropy in many countries and social investments across many political boundaries. I would like to address this hypothesis by describing the challenges of global equity, the role of philanthropy, and the challenges of globalization.

### **Global Equity**

Why use an abstract term like "equity" to describe a set of practical problems like feeding the hungry or schooling children? Equity, to my mind, is a value-based term. It complements the term poverty, which often evokes a hand-out mentality, and the term inequality, in that inequality describes objective differences, some of which are unavoidable or socially acceptable, while many others are not. Inequity introduces a normative lens to inequality. Is that observed inequality "fair?" We hypothesize therefore that it is not inequality per se that is of social concern but whether the observed inequalities are considered by society as fair or not. In this respect, equity is closely related to common concepts such as social justice and international development.

Equity can encompass rather concrete or practical problem-solving, some of which are on the top of the ongoing World Summit on Children at the United Nations. Of the 56 million deaths that take place annually, perhaps a third are either preventable or

treatable, mostly among children in poorer countries. There are 100 million children out of primary school, mostly girls in poorer countries. Nearly half of the world's six billion people live below the poverty line of less than \$2 per capita per day, again mostly in poorer countries.

Equity is an important value and social goal, because severe inequities breed violence, destroy trust, weaken social institutions, and hamper democratic functionings. In its severest forms, inequity can be socially intolerable or morally unacceptable. We believe, therefore, that global inequity is among the premier challenges of our contemporary times.

### **Global Philanthropy**

Have we entered a “second golden era” of philanthropy? The emergence of new foundations spurred by wealth creation in the 1990s has certainly been remarkable, recent tumbles of the Nasdaq notwithstanding. Philanthropic actors interested in global equity form a cluster within and beyond the United States that is just now emerging, not yet jelled into coherence. Of the \$200 billion contributed by Americans in private giving each year, less than 2 percent or perhaps about \$3 billion are invested in overseas problems. But there are hopes that this miniscule proportion could grow. The more than 350 participants attending the recent Global Philanthropy Forum organized by Stanford University and funded by Hewlett and Tosa foundations demonstrate the increasing interests in the United States in international giving, even if the baseline is extremely modest. European foundations, sparked in part by changes in EU tax laws, are growing and have significant international interests. Most important of all, philanthropy is growing in such Southern countries as India, China, Brazil, Mexico, and South Africa.

Some of philanthropy's greatest success stories are global – the so-called Green Revolution, vaccines against yellow fever and children's infectious diseases, community development, and the micro-credit revolution. Among potential investors in solving tough social problems, philanthropic investments are important because they enjoy greater flexibility than governmental funding and because they need not pay attention to commercial considerations in business funding. Like venture funding of start-up companies in Silicon Valley, we need social venture investors who take risks in seeking innovative solutions to tough problems.

Global philanthropy is witnessing the formation of a distinctive field with a like-minded cluster of actors. All cultures have rich traditions in philanthropy, and each is evolving in the context of modernization of society. At the same time, wealth accumulation in the North is leading to both financial transfers to the South as well as the transfer of philanthropic organizational models into the South. One such stream is called diaspora philanthropy, the investment of capital by diaspora communities back to home countries. These flows could be quite substantial. One quarter of Silicon Valley start-ups, for example, are owned by Asians – mostly Indian and Chinese. Hispanic and African-American philanthropy is also growing. This is not an entirely new phenomenon. I recall that Andrew Carnegie, who identified with his Scottish heritage,

was a diaspora philanthropist, since he mandated the Carnegie Corporation to invest in the “British Empire.” I still remember David Hamberg hiring lawyers to help him find a way of funding a project in Mexico, beyond that Empire. He eventually succeeded!

## **Globalization**

Globalization is an increasingly commonly used term to describe the recent acceleration of transnational flows of almost everything – goods, services, finance, information, ideas, technology, people, diseases. The spread of the global private market in the past decade has helped in the generation of enormous new wealth. The decade was also marked by a revolution in science and technology in information and biology. The role of government has been questioned in terms of solving all social problems, and the private sector has grown correspondingly. New social organizations have emerged, including networks, coalitions, alliances, and partnerships.

The darker side of globalization is the persistent poverty, indeed inequity, for the millions left behind. That darker side includes various illegal activities from drugs smuggling and money laundering to the illegal sale of small arms and even terrorism.

Globalization, however, also offers new opportunities for philanthropy to make a difference. How can the poor be helped to join and take advantage of the market? Can science produce new technologies for the poor? Will new organizational arrangements help the poor to organize and gain access to the fruits of development? Many new investment possibilities are offered by the globalization process.

Indeed, I believe we are witnessing the “globalization of philanthropy” as a field in itself. No longer will philanthropy be considered entirely in ethnocentric terms, e.g. American philanthropy. Rather, philanthropy as a field engages both local and global investors. Peggy Dulany deserves credit for having pioneered this field, through nearly two decades of leadership. I became convinced of connections between the local and global when Julia Lopez of Rockefeller Foundation, whose experiences are mostly American, and I, who worked overseas for 14 years, took a trip in the rivers of Bangladesh. The commonality of the human struggle to overcome deprivation, advance our human condition, and recognize our mutual dignity – transcends local and global. Globalization has helped to generate global wealth, and it is timely to consider the corresponding global social responsibility of wealth.

Thank you.