information you can get from one of these panel data sets. I understand from talking to Julian just before we began this morning that this kind of panel data does not exist. Raising, for example, the $100 million that have been required to do the annual housing surveys is not something we're all going to jump out and try to get out of the Federal Government, certainly not in this kind of world we live in now. So what else could we do? It could be done on a smaller basis, as Julian was mentioning, collecting samples from communities in North Carolina (Charlotte, Durham, and Greensboro) and we could actually get down on the micro level. The whole basis of my comments here is that without the understanding of how individuals are behaving and how firms are behaving, I really see it as very difficult to explain how the aggregates are moving about. I really want to understand about individual behavior. I now turn myself to thinking that this process may be a little too costly, getting information from communities in North Carolina, so what else can we do to get actual hard numbers?

One thing that economists do nowadays is to conduct experiments. Experimental economics has come under a lot of attack, but what exactly are these things? For example, if you're interested in studying an auction, you may lock up ten undergraduates in a room, pay them to be there, and conduct an auction. You record data and observe what prices things are sold at. As some of the people in experimental economics have pointed out, it's always been done with undergraduates and it hasn't been extended to human subjects yet, but there's still some information to be obtained from these kind of experiments and I find it very useful in thinking about if this panel data there does not on exist on donative behavior. In thinking about an experiment it is very helpful to understand how you would want to construct a survey that would be used to collect panel data on individuals, whether it be on a national level or on a smaller level such as communities in North Carolina.

Now, what can we possibly get at with an experiment? Well, to go back to that issue, we locked up ten undergraduates in a room. What could I possibly learn about charitable giving by locking up ten undergraduates in a room? I really have a hard time with that. I could find some things out that may be of interest to this audience, for example, there is a solution to the free-rider problem which has been posed in the last ten years by Gross and Ledyard. With a solution gained by use of the Gross-Ledyard mechanism, you will get truthful relevation by individuals for what a public project is worth to them. Now we could lock up undergraduates in a room and conduct an experiment to test whether or not this theoretical result of Gross and Ledyard is indeed something that will be realized. How about things like an actual understanding of how individuals are making contributions to their local charities or churches? Could you conceive of an experiment where we have these undergraduates in a room where we could actually find something out about this behavior? I find it impossible to think of how I would set up that experiment, which worries me a lot because that means that I'm going to have problems in the collection of some this panel data. If I can't conceive of the experiment, I'm going to have problems with actually going out and getting the data in the real world, or at least constructing the survey in the correct manner.

One last point here is that there seems to me to be a wealth of questions that can be answered if it is possible to get this kind of panel data, whether it be on a national or on a very local level. For example, among individuals who are contributing $1,000 a year to a charity, what determines the charities that they give money to? That's a fairly straightforward problem to set up from a statistical point of view, to determine how the characteristics of this heterogeneous mix of people determines where they give the money. So I would look at that as a within-group decision process that I would be studying. The alternative would be to try to explain the variance in giving by household. For example, households don't all give $1,000. People such as myself generally say things like "my wife gave at the office" and so there are other individuals who give quite a bit more and the question is how can we explain the variance in the amounts given? All those kinds of questions can be answered with this kind of panel data if it existed. So I share in a big way what I detect as frustration in Julian's paper about the lack of good panel data that is available for understanding better what the stylized facts are of donor giving.

ARTHUR SINGER: We've covered an awful lot of ground in these three papers and in the two comments on the three papers, so there is a rich set of items that are on the table for discussion. Let me just make one brief comment on one item.

Two of the wisest people in this gathering are in my judgment Burt Weisbrod and John Simon, and they have both made a point with which, with some trepidation, I want to disagree. I disagree with trepidation because they are so wise, and they're usually right on the mark in what they have to say, but I'd at least like to offer a qualifier on this one point. Burt said that in the university the only sensible way to generate a research agenda is to "let a thousand flowers bloom." John talked yesterday about the fact that university faculty must have enthusiasms and passions and those should be the determinants of organizing a research program, finding where those passions and enthusiasms are and harnessing them in a collective enterprise. I hope I have stated their observations fairly. I think that it is a canard in university culture that, among social scientists in particular, has been a retarding factor in many research programs. If we look at the model of the natural sciences, we'll see that the Weisbrod-Simon principle is very far from the dominating, organizing principle of research activity. Research activity is usually organized in some much more authoritarian way in which there is a judgment reached as to what knowledge is needed in order to advance, and then younger scientists are recruited for particular pieces of work that will begin to fill in the gaps where knowledge needs to be gained in order to make progress. The notion that progress is best made in a completely laissez-faire system where dissertation topics or research projects or special priorities depend on individual idiosyncratic preference would not be enough in a scientific research culture, although it is frequently the dominating cultural characteristic in the social sciences. In the mid-70's, when the Sloan Foundation returned to economics in a serious way, we sought the counsel of a small group of economists to help us shape the program. The chairman of that group was M.I.T.'S Bob Solow who, I think, is just as wise as John Simon and Burt Weisbrod. Bob and his collaborators on this advisory committee had the view that economics research at M.I.T. and the other leading departments, like Yale and Wisconsin, needed to be organized in a way that would began to move a little in the direction of the model of the natural sciences, with a research agenda with distinct priorities, and away from the laissez faire individualistic passions and enthusiasms. That has been the character of the Sloan Foundation's economics program for the last twelve years. I think we've succeeded because we did not follow Simon's and Weisbrod's earlier observations.

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JOHN SIMON: In fact, I was going to talk about the importance of working from an agenda. I think Arthur misunderstood what I said although I understand why. I was addressing a particular problem yesterday of whether you could get specific information on incentive systems, and I made two points. One is don't count on getting the right person to do it quickly at the right time because the right person probably isn't the person who will respond to this specific RFP you put out, if you put out the RFP. You have to wait. I said "be patient." Sooner or later you may get the right person but if you try to be too fine grained and say we're going to pick out these ten items and this is what we're going to do, don't kid yourself that you're going to be able to get the right person at the right time to do it. (This was also what Burt was talking about.) The natural science analogy I think supports this point. Some of the great discoveries have come fortuitously--something happens as an accident that was not part of the research agenda. That's how penicillin got invented, and that's how it happens in other cases. I'm not saying that's always the case, but the opposite idea--the job shop approach to research--is not necessarily how you're going to get quality and magic. Nor would I go the other extreme, strictly "a thousand flowers bloom," and I don't think Burt meant to say that either. No, because you should try to entice people into areas that you want to get them into. So I think the answer is in between. At Yale we've shifted a bit. In the beginning of the program we did a proposal: a 45-page prospectus of things we thought needed covering. That was really broad. At the beginning of stage two of our program four years ago, we did another prospectus which specified six areas which we thought would need attention and even specified some interesting topics within these areas. So what I was talking about was not that you don't throw out to the research community a call for attention to certain areas which you think need work and even some suggestive ideas of useful approaches. But, going one step further from that, and saying we here at Duke or we here at Yale are going to get the following four things done next year and now we'll work only in those areas, may not, at least at a university, be the way to get the right people to do things in the best way. So Art's criticism is well taken, but I think I plead only partially guilty.

The other thing that I was going to say in relation to agendas is that I wanted to offer--because I do think that it is helpful even though you can't be too prescriptive about it--to float to potential researchers some ideas about unfinished symphonies that we're aware of, areas that need tilling. I brought here today lists that show some of these areas. One is a list of all work in progress at the Yale program. There are couple of hundred projects listed there, so it's more than you want to hear about. I offer it just for stimulative purposes, or to help the Duke people to shape the quasi-agenda that I think we all agree is useful. Second is a list of all publications that carry research sponsored by our program. The third is the latest issue of our newsletter, which has in it the work of some 110 working papers that are available. This issue of the newsletter happens to be on international matters, but the working papers list is across the board. The fourth item, which people might or might not find helpful, is a narrative report on the last four years of our program, which specifies six areas of focus on which we have been working. I distribute this material not to sell anything, but in order to avoid spending a lot of time on this idea and that idea and this unfinished symphony; these papres cover much of this ground.

Now the only other thing I wanted to say is that one of the areas of focus in our current phase of work, which we call "industry studies," represents one way that might be of use to some people in getting at the kinds of "institutional choice" questions that Burt has for many years been working on and Russy mentioned last night--questions about how we allocate the division of labor in our society among sectors. One way of getting at this--Burt's done some of this in the nursing home field, we've done some of it in day care, television, publishing, the arts, hospitals and other areas--is to take a look at these different industries and try to figure out, both theoretically and empirically, what difference it makes who does what, either from a positive or normative point of view. A good deal more of that stuff can be done. It's quite interesting to do, but it's hard to do because you're not sure that you're not contaminating the choice of organizational form with a lot of other things that are going on, sunspots or whatever else affects behavior of people in institutions. But nonetheless, you can get some clues.

One study that I always wanted to do, since we're sitting here in the Duke hospital, is to study something that I saw on "60 Minutes." It was a very interesting "60 Minutes" segment about Duke's sale of its mental health hospital to a for-profit firm. The "60 Minutes" reporter asked, "What will happen?" The patients worried that certain behavioral changes would take place in that hospital: that doctors would behave differently, or the patients would get different doctors, or the patients would be allowed to rusticate, or they would be charged too much for this or that. Here's a certain amount of real, natural, experimental data that should be looked at. I wanted to get somebody down here to do it, but, getting back to my earlier point, I couldn't find the right person that I wanted to do this particular thing, so it didn't get done, and our patient hope is that some day somebody will do it. The industries study area is one that I think is fruitful and interesting. From these industry studies you can not only examine institutional choice questions but you can get a handle on some other questions too, about donative behavior and even some of the international comparative issues--by looking at mental health hospitals here as compared to abroad and so on.

One other area on our list of six focus topics that I think needs a good deal more work is the role of the nonprofit voluntary sector in Third World development. Ford has sponsored some work on its own on this and we've done some of it in our program, but surprisingly little study has been devoted either to Third World development or to the role of nonprofit institutions in authoritarian countries, be they Third World or not. We've sponsored two Chilean studies and were starting to do a South African one at one point: these are interesting studies too.

WEISBROD: I just wanted to respond to Art. First of all, I agree that there is an important issue that is involved here and that has to do with what the research community in universities is really capable of doing and so good at doing. This might be a good topic--I think it is a good topic--for a seminar at another date but I think the issue is important. Secondly, and I do really see things very much as John has pointed out, the point of a thousand flowers bloom was explicitly to take an extreme and provocative position much stronger than I believed in order to illustrate the point which John has elaborated very accurately.

One last point is that as we think about the analogy between the model in the sciences in universities and in the social sciences, I would just like to point up one difference that I think is significant and perhaps changeable.

The institution of tenure which obviously exists across the fields of universities is the source both of our success and our failures. It's that very independence that makes it so hard to establish a strong discipline within universities. Today I may be in charge of a project and you're working for me, but I have to be very careful how I behave because tomorrow you will be in charge of a project and I'm working for you. In any case, we both have tenure and we don't need each other and that independence is wonderful, but it makes it awfully hard to develop strong research agendas. Now, how do the sciences deal with this? I think that they deal with that very largely by virtue of having large numbers of post-doctoral people who are essentially employees. The social sciences do not have that. As a result we are trying to run more disciplined operations very much dependent on people who are really quite independent of us. It produces exactly the problems that John pointed out.

ELIZABETH BORIS: Just a footnote on this discussion that we've been having, and that is that if it is a center that you are forming and you're going to be inviting visiting scholars in, how you define what you think is important and what the priorities are will help to determine who is attracted and will come in and help you with that research. So the scholarly part of me loves the thousand flowers model. The practitioner in me says that there are some really important questions and there are some really trivial ones. There is something that we need sooner and there are some things that we can wait for the thousand flowers to come up with. The two parts of me are struggling there. I would like to see some kind of research agenda that puts some of the things we need more definitely on top.

I think that we also should not neglect the fact, as scholars, that there has been a lot of work. There is a lot of underground work and Russy is a person who can tell you maybe about a lot of things that United Way does. Although there are not panel groups, there have been focus groups I'm giving, there are industry studies, American Heart Association does studies, American Cancer Society does studies. When we're talking about philanthropy we're covering such a wide bowl of fruit here that to the practitioner from any one segment it looks like foreign territory. In order to really hone in on some of these areas there have to be more specifics. We're saying that undergraduates might be a great surrogate for the nonitemizers. They are not a good surrogate for the wealthy donor, and so it goes. So I would urge an effort to find out what's out there. I keep having a suspicion that some of those for-profit fundraising groups have a lot more on motivations than we know about. Maybe they don't, but I know that there are a lot more empirical kinds of things that are going on that would add in formation to what we're doing. Don't neglect it. I'd like to see some kinds of inventories. Virginia has been doing a wonderful job in getting together the scholars of the community. We need to not neglect the practitioners. Also, I think that our conception of how, when we set up the ideal world, we divide government, profit, and nonprofit sets up some artificial distinctions. I think Lester Solomon's work has been very instructive in telling us that in this unique kind of society that we have, government uses nonprofits to provide services and it's a very large part of the revenue of the nonprofit sector. What does this say about our democratic theory and our ideology and how we like to think about the way we organize ourselves, as opposed to the way we really do? There's a lot that is obfuscated in the way we think about this sector and the way we relate it to the others. So we need to do some work on that theory or mythology on the democratic side. We need political scientists to break them in, but working from the observed facts up as well as the theory down.

CHARLES CLOTFELTER: Just two subsequent questions that seemed to me puzzles. They aren't related to the agenda so much, but I'm curious. Number one, Julian talked about the fact that some regions seem to be more generous than others; is this true? Russy can perhaps follow this up, but without naming any cities as particularly generous or not generous. If that's so, I think that's a puzzle. Why would two otherwise similar cities not act the same, and does size have something to do with it? Julian's guess is that perhaps we're not measuring the nonprofit activity correctly, but that sounds impossible to me, too. That's the number one puzzle.

Number two puzzle is something in Russell Roberts' work, some of which is related and shown in his paper and the presentation although we didn't talk about it very much. The implication of his models is that as long as government's around, government's going to completely crowd out the function of redistribution, and in my mind redistribution as a part of charitable activity is a big question. His model said there won't be any private redistribution, and in fact he looks at the data in another paper that says that there's really not any to speak of. That's the question I want to throw out. What is there really when he says that charity is a mixture of lots of different things but there's not much to think of as charity in all of these donations to 501-3C groups? Just another positive question. Is there any private charity?

RUSSY SUMARIWALLA: I think Charlie gave me a perfect starting point because in fact I was going to relate my comment to Julian Wolpert's work. Again, speaking as a practitioner, this is an area of great interest to us: The whole issue of potential measurement at the local level, because the vast majority of charitable contributions are raised not at the national level, but in communities at local levels. The local factors vary and the discretionary income levels vary depending upon the local community culture. Oftentimes the question is, "How come Minneapolis, Minnesota, or St. Paul is always so much ahead or so much better and so much more progressive, what causes that?" This is a question of great interest to us not just from a theoretical point of view, but from a very practical point of view also. All businesses look at potential: What is the market? What is the saturation point in the market if you are selling refrigerators, or cars or whatever? You decide what the market will bear, what its capacity is. What is the potential of charitable contribution, and what is it at the community level? That would also help us to measure fundraising performance: To what extent we are successful, what percent of our potential we are reaching? At the subsector level you could measure then our market share individually. For example, the heart organization can say that this is our market share of the total contributions in Minneapolis. We are 5% of the total market share. That is very helpful in very, very practical terms, and I think that there is a tremendous opportunity to do some good quantitative analysis.

MICHAEL GILLESPIE: I would like to come back to the whole question of progress in social sciences because I have sincere doubts that there is any such animal, certainly in comparison to the natural sciences. In the social sciences there is no one clear agenda, and we should be suspicious if there were. A center could attract people to investigate specific problems mainly because you could pay people to do it. It seems to me if anything is true about social scientists, it is that we don't get paid for what we do and consequently we tend to do things that are chiefly interesting and only sometimes useful. Generally they are more interesting than useful because it's hard to find things that are outside of public policy and economics which are more immediately important for the social sciences.

Secondly, I want to say that I think the notion of studying an agenda in the social sciences is conditioned by this fact. If foundations, for example, want to set an agenda I think they can do it. Social scientists are notoriously underpaid and are very much susceptible to grants of all sorts. Now, why do I think that this may not be a good idea? It seems to me that agendas that do get set in the social sciences and the questions that social scientists have to be concerned with are political, moral, and ethical questions that are not susceptible to easy answers in a way that natural science questions are. Because of that it seems to me that the conclusion that one has to come to is that there are vast ideological differences with respect to what projects ought to be undertaken. I think this leads back to the question of accountability and the notion of whether foundations can really perform a directive function in this respect. I think, referring back to Arthur Singer's comment, foundations indeed are disinterested on the surface, but all data that I know, certainly with respect to foreign policy and domestic policy, indicate that the leaders of foundations are very far to the left of the American public opinion. I think for that reason the agenda that foundations are likely to set is not an agenda that it is going to be politically appealing to the vast majority of Americans. Not that that is necessarily bad. In fact I think certainly on questions of race and health care foundations have been a salutary progressive force. However, I think that a real political tension arises out of any foundation attempt to set an agenda for what we should call progress in social sciences.

JACK MURRAH: I hear most people saying that there is a spark but not a blaze of scholarly interest in philanthropy as a field. I have been struggling since I've been here, but with only limited success, with a suspicion I have that that's because it's an inherently boring subject. Help me. I was wondering if two or three of you who are interested and have done work in the field could give me just some anecdotal evidence how you came to your interest in this area and how direct and strong it is? I am particularly interested in knowing whether it is something that was born out of your own curiosity, or whether it was someone saying we need information or we need a theory or we need something and can you go to work on it for us? This is volunteer time.

VIRGINIA HODGKINSON: I'd like to say something. My field at the doctoral level was in higher education administration, and having come out of the totally nonprofit private sector, I did a dissertation on the public sector because I felt I wanted to know how public governments work at the institutional level. And I then went on to direct a public policy research institute on private higher education. One of the questions that I always had was: How does private higher education fit with private hospitals or whatever the sector is defined as, and what would that lead to in terms of a policy discussion, and why these institutions are important along with whatever else was out there? I found when I read the statistical abstracts of the United States that there was no information. The national income accounts were all over the wall. There was no way of measuring the sector and there was very little literature that you could get at to talk about what this particular group of institutions does in our society, what it means to the public and what the interrelations are among the sectors. A big question is "why do we even have them?" What do they do? That still is a real burning interest. I've been in it for many years.

DAVID ASHENHURST: I wanted to make a comment on what Burt Weisbrod said here and also said in his paper. I don't want it to get past without at least reunderlining it, and that is the role of the Internal Revenue Service in governing this area and its capacity to do that. We should think in terms of conceptually defining this field. If the small business administration talks about unfair competition, Congress will eventually redefine unfair competition in the aggregate sense. But in the day-to-day operation of things, it's the IRS who's going to decide what unfair competition is or is not. It struck me as very strange a couple of years ago that a country that has had a 200-year debate about the separation of church and state essentially leaves it to the IRS to decide when a church is a church and not a for-profit and not a tax dodge and not a cult. The fact that Independent Sector and the Council on Foundations pay the IRS to collect data that the IRS isn't interested enough in to collect itself, but is in a better position to collect than anybody else, just says to me if you start looking at the IRS where the exempt organization branch fits in that there are a lot of hassles and bureaucratic headaches and no tax revenues. The IRS is really interested in tax revenue. If you just look at the nonprofit sector compared with any part of the full profit sector and the other regulators who define what it is, there's only this one.

The only other thing I want to say is that there was in the Filer commission studies, and probably before and certainly since, some talk about the possibility of some other federal presence which ought to be talking about nonprofit. This presence will be distinct from the IRS and might take some of these functions out of the IRS that it now has but that it probably not ought to have. It does seem to me that it is not a bad thing to put on somebody's research agenda to figure out that conceptual regulation of the sector as well as the actual legal and sort of Treasury-style regulation of the sector.

RUSSELL ROBERTS: I wanted to answer Charlie's question, if I may. But first I'd like to respond to Arthur Singer's criticism of laissez-faire research agendas. Laissez-faire does not mean random. We all compete in the marketplace of ideas and we all compete in the marketplace of foundations to influence the world. And those of us who do not like authoritarian solutions are fundamentally skeptical of the wisdom of having single authority deciding what's to be done. We all agree that chairmen play an important role in setting research agendas. Heads of centers play that role, but they must compete with other centers and other chairmen, which is all for the best.

I wanted to make a quick remark on Charlie's comment about differences in giving. Rochester, New York is one of the top United Way per capita givers in the country. In fact, the Rochester United Way gives double per capita what is given in the county in California where Stanford is located, for example, and Stanford is a little bit wealthier than Rochester, though not as much as you would think. Rochester gives approximately double the amount of blood per capita than the national average. Rochester is basically a very generous place. The reason, I think, is consistent with some of the economic analysis we've been talking about. People in Rochester tend to stay there a long time. They capture some of the benefits of their altruism, because they know that they're going to be there a long time. It's a very settled, family-oriented community. Most importantly, and I think this is a valuable lesson to learn, Session 3 - November 21, 1986

Kodak plays a major role in making Rochester an altruistic place, mainly because the workplace is a place where people run into each other a lot. If there are a lot of people there, externalities of giving can be internalized through Kodak. Kodak has a large interest in making Rochester a pleasant place to live, and they put the kind of social pressure I was talking about yesterday on their employees to give to the United Way and to give blood. It's extremely successful. Those types of incentives I think we can all learn from in trying to take care of the types of public good problems that we are talking about.

KATHLEEN McCARTHY: In answer to the two questions that you asked: one, "How do people get into this?" and two, "Why is it interesting?", I started to think a little bit about how I got into it. I think most of us just backed into it because we were interested in something else, to be perfectly honest, and not because we wanted to study philanthropic institutions. Normally, when you say that you are working on philanthropy, you get one of two reactions. Either people say, "What?" or they say "Why?" When I chose that topic as a graduate student, my fellow graduate students offered their condolences, because they said "this is ridiculous."

I got interested in it because I'd spent some time in Europe and I looked at European cities like Paris. They were still very much alive and vibrant and they were being recycled very well. When I went back to the United States, I saw what impressed me as being a use-up-and-throw-away kind of culture when it came to our cities. This was a period of Jeremiads for our sick and dying cities and so on. It seemed to me that the attitude was that government takes care of everything, so why should we care about it? This was when people were talking about central cities being strangled by a ring of suburban affluence. So the question that got me interested in it was the question of urban anomie, and when does this develop, and how does this develop and is it a product of the welfare state?

So I began by looking at conditions that antidated the rise of big government, which got me interested in a whole bunch of other questions. First of all, I was looking at the role of individuals in reshaping their cities and individual decision making. Then I began to become interested in the role these institutions played in other ways in socializing people to new roles, for example, socializing women to a new political awareness or giving them a whole range of responsibilities outside of the home. This in turn led to questions about the meaning of pluralism and what role these institutions play in our pluralistic society. There are a lot of generalizations that are bandied about in terms of philanthropy and pluralism, but one of the things I think it does is it provides a locus of decision-making outside of government that enables people to have a sense of control over their lives and over the way things are going in their communities.

If you start looking at political trends in the 20th century I think that you're going to find that philanthropy plays a very important role not only in helping to pave the way for the growth of the welfare state (and this is the kind of thing that Barry is working on) but also in providing sort of a safety valve for a traditional spirit of individualism while government services are growing, giving people an opportunity to feel like they're not being overwhelmed by this. It's not becoming an authoritarian kind of condition because they still have these independent sectors for decision making and for social reform.

There are a number of topics that this opens up. For example, if you look at constitutional change, you're not just looking at a political process, you're looking at voluntarism, you're looking at philanthropy, you're looking at social reform. Also there is the idea of citizens deciding how things should be done. I mean, this isn't just an American phenomenon anymore. I was in Bangladesh a couple of years ago, where there's a group called Concerned Women for Family Planning. It's a bunch of women who began by doing innoculation programs after the War of Independence, as they call it in Bangladesh, and as they went around on their rounds helping to try and deal with the consequences of the war and some natural disasters that happened afterwards, they began to talk to other women. They began to find out that these women really didn't want so many children, but they didn't have access to services because they were in purdah. Well, the government had family planning clinics but they weren't reaching out to the women in purdah who were the ones who were actually going to use the supplies once they got them. So now you've got non-govermental organizations like Concerned Women for Family Planning in a country like Bangladesh trying to reshape not only the way these services are delivered, but by now they're training government workers as well. They're really changing the way things are done in that country and I think that's what's interesting about it to me. Long answer to a short question.

CAROL STACK: Although we're having a humanistic session following this, I just wanted to poke for a moment at a mindset which I notice in a couple of comments. That is, if we are agenda setting, we're not only agenda setting for researchers, we're also agenda setting for what is funded. With that in mind, I'd like to suggest that we note when we hear about a fascinating pattern. We've now learned about Rochester, New York, a little bit about Houston, Texas, Minneapolis, and Minnesota. The qualitative methodologist does not want us to go away thinking about or just focusing on the fact that there are quantitative answers to these questions. Qualitative research not only generates fascinating hypotheses, but it's a whole lot cheaper.

DUNCAN YAGGY: As we think about the agenda, listening to the conversation this morning, the thing I'm struck by really is the difficulty we have in defining our terms. People in the nonprofit sector, for example, as Burt said, think that the field is extraordinarily heterogenous. As I think about it, in fact, I conclude initially that the only thing that nonprofits have in common is that they don't make profits. Yet that in fact is not true at all; some of them make very substantial profits. I thought, well, maybe the only thing they have in common is that they don't pay taxes, but in fact a lot of them do pay taxes of various kinds or payments in lieu of taxes. I think it becomes almost that nonprofits are everything else. If it's not governmental and it's not proprietary, it's a nonprofit. It doesn't matter if it's a zoo or a hospital or a country club, if it's not one of the first two, then it's a nonprofit. Being faced with that kind of aggregation, I think we have a real problem in trying to sort out and say things that are sensible and significant about that wide range of institutions.

Another set of terms that I'm struck by the use of here are philanthropy and charity. Some of the people around this table and in their papers had seemed to say that those are really quite different things, that philanthropy and charity are very different, and they know what the difference is, and they can distinguish between them. Other people in this conversation this morning have used the terms interchangeably, substituting one for the other quite comfortably.

The third set of terms is differientiating nonprofits and foundations. People have used the term "foundations" most often thinking of Rockefeller, Ford, the Sloan and a few other very large institutions. They are, it seems to me, a very visible and prominent tip on a very large iceberg that has an extraordinary variety of institutions in it, including not only small urban foundations, but also one-person foundations. When you began to get a one-person foundation where a guy has taken a hundred thousand of his own money and put it in a foundation and proceeds to give it away, the distinction, whatever it is, between philanthropy and charity begins to blur just a little bit and it gets a little complicated to sort that out, let alone the public sectors which are beginning to emerge around the country. So I would think that one agenda item we should have is to begin to sort some of those answers out and use terms to develop some kind of meanings, some conventions that could define what we mean by those terms and the context in which we use them.

BRUCE PAYNE: I just wanted to add something that relates to Carol's comment because I was struck by what Russell said about Kodak. Having been turned down by Kodak for funding in photography and discovering from talking with their people that they in fact for some years have given all of their corporate giving to the United Way in Rochester, I was struck by the need when we look at things to know something both about communities and about industries. I've also been working in an area where I learned about the great differences in generosity between the fashion industry on the one hand and the film industry on the other hand. Extraordinarily generous industry in one case, and not a very generous industry in the other. I'm not sure exactly what to recommend, but I do know that we need to be talking to each other when we're involved in these kinds of studies. Looking at those kinds of differences is important. Also, looking at the real phenomenon is at least as important as working out the theoretical structures and the stylized facts. We need more stories about what actually happened, and we don't have enough people telling those stories.

WOLPERT: First, in response to Jack, it's inherently appealing to move to a field that's not well defined. Philanthropy will continue to attract scholars because it is not well defined. However, we're really discussing another issue: sustaining research in this area. I think that it is not possible to sustain an interest in philanthropy until the data gets a lot better. My other comments relate to the Rochester phenomena. The common hypotheses are not realy validated when one looks across communities dominated by single industries; giving patterns are not uniform. Many hypotheses which have been suggested in the literature break down in comparative study. I think we need to delve more deeply into the motivations for giving.

Council on Foundations - November 21, 1986

JOEL FLEISHMAN: We're now scheduled to hear from Elizabeth Boris. Elizabeth is the Vice President for Research and Planning for the Council of Foundations. As you know, the Council of Foundations is the largest organization of foundations in the country that represents the field as its principal actor. Elizabeth is at the helm of the research operation designed to gather as much information and data as possible. She is going to tell us about that for about 15 minutes and then we'll have a chance to ask her some questions.

ELIZABETH BORIS: Just to give you a little bit of background, I was hired seven years ago at the Council, which has over a thousand foundation members, to develop a research program. There were two main reasons why we needed a research program. One: a defensive reason. When Congress makes laws that have an impact on foundations and the nonprofit sector in general, there us often no idea of the consequences or what the impacts of those laws might be. The second reason why we needed research was because one of our goals is to promote efficient and effective grantmaking. How can you promote efficient and effective grantmaking if you don't know what grantmakers are doing, so that you can encourage better models and let people know what else is going on in the field?

We do our studies in-house and we use consultants for the things we can't do ourselves. (Ourselves meaning myself and my research associate.) We contract out; we have a study right now with the Urban Institute. We do cooperative studies, like the study that we did with the Yale Program on Non-Profit Organizations. I spent 20% of my time in the study project and we also had a director and a series of other researchers.

One of the first things that I must mention, something that Duncan did mention, is that when most people talk about foundations they are talking about ten foundations, or they are talking about the top hundred foundations. They imagine that they have hundreds of individuals on staff. There are probably only between 1500 and 2000 of the 24,000 foundations in this country that have any staff at all. Most foundations are run by a donor and family or they are housed in a lawyer's office or a bank trust office. The board might meet once a year, make a decision on grants, and that is all. So we need to know about these entities that we are talking about. I will make a plea in here; we know very little about the giving patterns and the dynamics of those small foundations because most of the research that goes on is about those top 4000 foundations that have assets of a million dollars or more. In the research, that I will tell you about we reached a little lower.

In the Council's membership are private, independent, grant-making organizations. These are the ones formed by families or individuals, that in later generations may become more independent and invite outsiders on the board. Ford and Rockefeller are examples. In this state it would be Duke and Z. Smith Reynolds. We also have in our membership community foundations. These are not private foundations, but community trusts and public foundations. They receive funds from a wide variety of donors and give it out in very different ways. We also have corporate foundations. These are funded by corporations. We also have operating foundations, of which very little is known in a rigorous way: foundations like the Getty Museum, foundations that operate homes for the aging or the blind. These are all foundations. There is also another category of institutions and it isn't a private or public foundation. They may be called foundations but they are really public charities. Political foundations, mentioned earlier, fall into this group. We need some research on those institutions. There are also what I call near-foundations. These are funds. Individuals come together and they set up a fund and they give away money. They don't use the private foundation form. They avoid the regulations, but they give away money. So, there are many institutions within this rubric of "foundation" that is not at all captured when most people talk about foundations.

I will just quickly breeze through some of the studies that we are involved in. I would be more than willing to share with anyone who would like to get some of the background, since we have focused so much on foundations in these sessions. Every other year since 1980, the Council has done a foundation management study. In it we look at compensation, benefits, the use of trustees, and the demographics of foundation staff and trustees. We ask how many times a year boards meet, whether or not they have committees, whether or not they use consultants, and their salary administration processes. We do have a handle on the "what." We don't have a handle on the "why." This is where there could be some work. Why do I collect this information? So that foundations know about and can learn from one another; so that they don't have to set their salaries in a vacuum; so that they understand how others go about their internal operations. As a result of these surveys, I became involved in a project that resulted in the book Working in Foundations. Terry Odendahl, an anthropologist, Arlene Kaplan Daniels, a sociologist, and I interviewed 60 employees of foundations. We tried to learn about the nature of their work. What do they do on a daily basis? What are the recruitment patterns? Women and Foundations Corporate Philanthropy, an organization in our field, was a supporter of this study. Looking at differences between men and women, we found some interesting facts: Men are recruited for thier jobs, women apply. We found differences in salary levels that could not be explained after we took into account education and years in position. Women are paid lower salaries than men. We found differences in levels attained by and women in the hierarchy. Women are CEO's at small and middle-sized foundations; there are very few of them at the largest foundations. There are also different kinds of internal operating patterns that we were able to explore in the course of this study.

At the Council on Foundations we have also done some community foundation studies. We have looked at their financial patterns, where they are getting their money, and whether they are having trouble with the public support test. These studies are legislatively oriented because at some time community foundations might want to change the regulations on the public support test. Under the rules, they must collect 33% of their income from the general public or meet a test of facts and circumstances to demonstrate why they should retain their classification as a community foundation. That's more than you want to know, but for some of the largest community foundations, as they grow larger and get more of their income from endowment, it becomes harder to meet that public support test.

We also do nitty-gritty research. We had a project last year that resulted in a publication on indirect costs, one of Barry Karl's favorites.

We asked how foundations treat grantees with regard to allocating for indirect costs? It may be more of interest to this group than to some others, but such study help foundations learn what is current in the field and it also helps us to begin to think about the impacts of Foundation policies on grantees.

We are doing a project with the Urban Institute on fiscal policy, and we are looking very precisely at investment income, at the structure which determines who manages and how those funds are invested, who keeps track of them, and how they are performing over a period of time. Investment is vital to the health of a field dependent on endowment income.

The study that I will tell you about today will be of more interest to you because it is on point for some of the things that we have been discussing. It is what we call "The Foundation Formation, Growth, and Termination Study," or for short, "Births and Deaths." It was conducted in cooperation with the Yale Program on Non-Profit Organizations.

Data that the Foundation Center collected over the past decade shows that very few large foundations have been formed since 1970. We viewed this data as an alarm signal. We asked ourselves: "What's happening out there? Why aren't people forming foundations at the same rate as they did before? Are we in a dying field? Is the foundation a dinosaur of the 20th century destined to die out when these funds are expended?"

In response, first we assembled a multi-disciplinary research team with three economists, an anthropologist, political scientist, and a sociologist, all looking at different cuts of this problem. Ralph Nelson, who is an economist at Queens College, set up and looked at a time series of information on foundations' creations. We went back and looked at foundations with assets of $25 million and above from 1960 - 1982. What he found out--and I'll just give you some highlights because I don't have time to go into all the research--is that the foundation field, especially among the largest foundations, is very fluid. In other words, 42 of 62 largest foundations in 1960 were among the largest in 1982. What happened to 20 of them? They terminated. They declined in asset size. They didn't grow enough to keep up with inflation. During the periods from 1970 to 1982 only 6 new large foundations were formed. Something obviously was going on. Gabriel Rudney looked at the patterns in smaller foundation. There is a chart which shows the peak of foundation formations in the late 1940's and early 1950s. It has gone down since then. He provided some insights on those birth rates of foundations. The hardest part for us to look at is the death rate because a dead foundation tells no tale. We wondered what happened and why were so many foundations terminated since 1969. Apparently it is a continuing pattern. We know that after the Tax Reform Act of 1969, many foundations were terminated and some were folded into community foundations, but looking at community foundations that was not a overwhelming proportion of their revenue. It appears that there is a fluid pattern and that the idea of the foundation form was popularized in the 1940s. Many people set up small foundations, and many of them terminated, particularly since 1979, and the pattern continues.

Another part of this study was a survey conducted by the Roper Center at Yale that I analyzed. We found that the typical foundation was formed with a small endowment. The average foundation was formed in 1959 with $100,000 from a male donor. That foundation grew over the course of the last 20 years and in many cases became a foundation of a $100,000,000 or more. So we've coined, in John Simon's terms, an "acorn theory of growth." In other words, many of foundations were formed small and grew large over time.

One of the patterns that we noted in the survey is that since 1970 more foundations have been formed by bequests than during the donor's lifetime, which was the pattern that was prevalent before 1969. We also found that more women are forming foundations. In the survey we gave a whole series of motivations for forming a foundation, and we found that motivations for forming foundations are very complex, and multifaceted. Using factor analysis on the motivational scale, several things stand out. Number 1 (and obviously this is self-reported) is altruism. The main dimension is altruism and that includes things like a concern for the welfare of others, social responsibility, religious heritage, and the personal philosophy of the donor. There is also another dimension, and that reflects those who value the foundation form. They value it as a systematic flexible vehicle. In other words, when a donor has a good year, he or she puts money into the foundation and decides later how to give it away.

Taxes are one of the key areas that we need to talk about. Let me introduce another part of the study before I go into taxes, because these are very much related.

We interviewed 135 wealthy donors throughout the country. We also interviewed 100 of their advisors--attorneys and accountants. We asked those who set up the foundations why they set up foundations and why they decided to undertake philanthropy in that way. We asked attorneys what kind of advice they give to wealthy donors about how to set up their charities. We found some very interesting things. First we were interested in the impact of the Tax Reform Act of 1969. We were also interested in the impact of tax incentives on the act of giving. We found that taxes structured giving. People don`t give because of taxes. I think we sometimes forget that. Advisors are very much the persons who remind the wealthy individuals how much they should give away, what is beneficial to give away, and which types of structures are most suitable. For advisors, foundations are at the bottom of the list of structures that are recommended for giving money away. Foundations are now in competition with a host of other alternative vehicles that have better tax deductibility: direct giving, lead trusts, remainder trusts, and community foundations. There are now many alternatives for an individual donor to give away charitable dollars. Directly because of the Tax Reform Act of 1969, attorneys advise their wealthy donors that a private foundation is the least desirable form unless there is some specific goal that the individual wishes to achieve and there is a lot of money involved. There are complex interrelationships among the 1969 legislation, attorneys' perceptions of the confining nature of that legislation, and the way those perceptions are translated through the advisor to affect the donor's decision to form a foundation.

In the course of these interviews, we also asked the wealthy individuals directly about their philanthropic motives and why they chose to form a foundation. Some of them chose a foundation because provided gives them with the ability to control the disposition of their money. In other words, they did not wish to see their money go into the government. That motive was reflected in most of the interviews, whether the individual was very liberal or very conservative. Whether the money was earned or inherited, and most of our interviews were with those who earned their own fortunes, the individual felt that he or she could spend it more effectively and knew better than government how that money should be spent. The liberals would say things like, "I don't want my money going to armaments, I'd rather give it away," and the conservatives would say, "I don't want my money going to welfare, I'd rather give it away." In each case the individual had agendas to accomplish by giving money away.

There is a very deeply ingrained sense of social responsibility among many of these individuals. Their families are often the leading families in their communities. Their very definitely are communities where a person's role is defined by philanthropy.

Peer pressure is another factor. In other words, I give money to your charity, you give money to my charity. I sit on one board, you sit on another board; and we give money to each other's organizations. In some situations a person can not be on the board of certain organizations, very desirable organizations, unless the person has a record of giving, and the ability to raise money from others. That is a part of the ethos in of some communities. In the Jewish community philanthropy is very deeply ingrained, but many of the Jewish people that we talked to were not religious. It is, however, definitely a part of their religious and cultural background. People give because they grew up believing that that was the proper thing to do. Not only was it proper, it was an obligation. As they grew up, they supported Jewish causes. More generally, in many of the communities that we visited, the non-Jew was able to point to the Jewish community and say how generous they were not only in Jewish philanthropies but in the wider cultural and social life of that community.

There are important cultural differences. The strength of Jewish giving led us to look at why Protestants were not telling us about their Protestant backgrounds. Among the Fundamentalists or those who have more Fundamentalist Protestant backgrounds, they said, "we tithe" or "we give because of a religious belief that we should," but among the upper-middle class Protestant majority there was little evidence of religious motivation. One of our researchers decided to look at some wills. We found that in a small sample of probated wills in New York state, the Catholics were more likely to leave their money to Catholic institutions, Jews were more likely to leave at least a portion to Jewish institutions, but Protestants did not leave money to Protestant institutions. We developed a hypothesis that Protestant institutions are so generalized in this culture that perhaps when Protestants give to the wider social institutions they are giving within their belief structure.

Control was an important factor in giving, as is what we label ideology. Some of these individuals believe that philanthropy and nonprofit solutions are the proper ways for individuals to influence society. This belief reflects a deep-seated sense of individualism and is connected with a reverence for capitalism. Individual solutions are preferred over governmental solutions. As a political scientist I find this very fascinating. One thing that I want to do is go back to the interviews to pull out some of the democratic theory that I see reflected in them. There are the enduring tensions of the Madisonian vs. Jeffersonian debate reflected in the ideas of how an individual should influence the broader society through giving behavior.

Egoism is also a factor in philanthropy, as I'm sure you would expect. Some individuals who give visibly wish to have their names on buildings. At the other extreme is anonymity. Some individuals are giving tremendous sums of money with the proviso their names not be revealed, which makes it hard to find out that they are making large gifts. There is in some of these individuals a very deep sense of stewardship. They succeeded in this great democratic country of ours, and they are not ashamed to admit a sense of responsibility that goes with their good fortune. They realize that America is not all that it should be and try to address that inequalities. Stewardship of wealth and the concern for the welfare of others are melded together. But there are also rewards in philanthropy--ego-gratification, prestige, access. By giving money one may achieve access to high society, cultural and business elites.

Minneapolis is a good example of a philanthropic community. It is not a one industry town; it's a multi-industry town in which there is network of CEOs and a network of families that founded those companies. Philanthropy is important to the leaders and the philanthropic climate in that city is important. We notice that in cities where the economic climate is good, charity seems to be thriving and that goes along with some of what Julian was saying. On the other hand, there is Cleveland, which has always had a very rich philanthropic life. Philanthropy helped to bail that city out when the economy was in trouble. So there are many varied patterns.

KATHERINE BARTLETT: Some remarks stirred up a question in my mind that really hadn't occurred to me earlier. In deciding what to study about foundations and what foundations to study and what to study about them, it concerned me to ask why we're interested in philanthropy to begin with? We could be interested in philanthropy primarily because we're interested in meeting unmet needs, promoting our favorite causes. An alternative, certainly not inconsistent, but I think a different emphasis, is that we're interested in philanthropy and encouraging philanthropy because we want to live in a society where people act in a certain way. Philanthropy, I think, is a symptom of something that we like about our society and an important emphasis of our interest in philanthropists is not only that we're afraid they'll leave, but also what kind of people we want to encourage to flower in a certain way? You might direct your study of foundations a little differently. You might look at not so much the wealthy donors and why they give, but at the rest of us. You might not be so concerned about foundations being at the bottom of a list of things that people donate their money to if what you're really particularly interested in is the giving, caring ethic that you identify only with respect to the wealthy.

BORIS: I wouldn't equate philanthropy with foundations. I think that's one of the terminological things we have to deal with. Certainly, I think we need to study the individuals who give their money, and I think that Virginia could report on some studies that are going on there.

One of the things that is very rarely studied, though--I think anthropologists will tell you this--is the behavior of the wealthy. There's a lot of elite theory, "the power elite," and talk about control and how that is converted to the nonprofit organization and through foundations. Yet it's based on very little substantive data. So there is some motivation there for going out to see what actually goes on.

BARRY KARL: As Elizabeth knows, I have been involved in the Council's efforts to engage in research, I think since 1971 or '72 when there was first a consciousness on the part of the Council and the people interested in philanthropy and foundations that there needed to be a great deal of research. One thing that I may be able to say that she perhaps can't say is that I think an organization like this could do a great deal for foundations. Organizations like the Council are in a certain sense trade associations in support of foundations and philanthropy. The result of that responsibility, which I understand and respect, has been a reluctance and at times total inability on their part to deal with some of the really nitty gritty issues that come up on the boundary lines between philanthropy and politics soon enough to be able to raise the issues for public discussions at a time when it might be helpful for everyone engaged. It's no accident, it seems to me, that some of the major congressional investigations of foundations have followed elections in which parties have changed power. The fact that foundations do and philanthropy does play a critical role in American political development means that there should be organizations that are able to work perhaps more closely with the Council or through the Council or at the side of the Council, if nothing else, in support of raising some of the harder questions that really do touch what philanthropy means in the development of American politics and the American political structure.

BARTLETT: Just a brief response to that. I think that the relationship between politics and philanthropy is pretty interesting because it seems to be able to float both ways. On the one hand, you can decide that as a political matter the government ought to be doing a lot more, and that encouraging philanthropy is in a sense to many of us politically uncomfortable. On the other hand, many of the same people think that all of us ought to be caring and giving, charitable people, if you will. So those two items on our political agenda are in fact fighting against each other.

JOHN O'CONNOR: When you say people ought to be more charitable in giving, I sense an ambiguity. Some people measure that by how much is given in Rochester or Minneapolis. Other people, I think, would be more interested in what you said before about the qualities that people have that they display through giving. I sometimes find an easy assumption that these two come to the same thing, and they clearly don't.

BORIS: I have a comment on a study that I really didn't touch on and it has to do with the rational economic model. Eugene Steuerle did some work matching estate tax returns with income tax returns, to try to find out what people really gave in life and at death. His conclusion was that they are not very rational in their behavior. People are giving more at death through bequests than is rational, given the tax advantages of lifetime giving. There might be a lack of information in that they don't know that it benefits them more to give in life because there is not only the deduction while you're alive but a saving on estate taxes at death. But Steurle feels that there is probably another thing going on here, that in a certain sense people value the accumulation of assets and want to hold on to them. There is a value, even though it doesn't pay, to just know that the money is there.

JULIAN WOLPERT: Barry talked very briefly last night about the tendencies of foundations to join together in efforts, and yet one finds at the community level a great deal of resistance to donor forums, even when one can demonstrate that there's going to be lots of important services that will not be attended to unless there is some collusion. Have you ever done any studies that show the degree to which this occurs?

BORIS: There are no studies, but one of the things that has happened in the last ten years in the foundation field is that there are about nineteen regional associations of grantmakers. That doesn't mean that they are all funding joint projects. Another finding of the study that I didn't tell you about is that foundations today make up a smaller part of the economy than they did twenty years ago. In other words, in real terms, they are a smaller proportion of the GNP. In terms of their funding of the nonprofit sector they fund maybe half as much as they did twenty years ago, and they're becoming more regionalized as well. There are fewer of the large national foundations and a greater number that focus on local areas. One of the responses to this reduction in scale is to join forces with other grantmakers for certain large projects. This is a realistic response to current realities.

Humanities Session - November 21, 1986

JOEL FLEISHMAN: Before coming to be the Assistant Director for programs at the National Humanities Center, John O'Connor was Executive Secretary of the American Philosophical Association and prior to that was a professor of philosophy at the University of Delaware. He has written an article on philanthropy and selfishness which is to be published in Social Philosophy and Policy.

Bruce Payne has been a public policy lecturer at Duke University for fifteen years. He is the director of the Duke Leadership program, which is an exciting new program directed at undergraduates which he might tell you about at another time. He is one of Duke's best undergraduate teachers, having received the Distinguished Undergraduate Teaching Award at Commencement three years ago. He also has an interest in philanthropy, offering a course next semester on philanthropy and the arts.

Dennis Campbell is professor of Theology, Dean of the Duke Divinity School. He is a United Methodist minister. He lectures widely at seminars. He has served in a variety of capacities and national organizations with respect to the Methodist Church.

Chris Schroeder came to Duke from law practice. He is a graduate of the University of California at Berkeley. He is a professor of law, and among other things teaches a course in environmental law. He may tell you about other things that he is teaching as well.

So if I may, I'd like to call on John O'Connor to begin the discussion.

JOHN O'CONNOR: This is a pitch for philanthropy, and at the end I'll come back to that. First, an introductory remark. It seems to me that the idea of the Center at Duke or at any other institution of higher education contains within it a paradox that is potentially dangerous. Presumably, a Center such as this will exist in part because of grants from foundations. It will be a player in the game that it is studying. One might say "what an ideal situation," and to some extent that is true. One might also say "what a potentially dangerous situation," because the research agenda might be very subtly influenced. The conclusions drawn might be equally subtly influenced by the fact that the Center would not exist without its participation in the game. I think there's a danger there.

Second, I think that what the Center itself does should be potentially dangerous in the way that any good work in the humanities or in other parts of the academy is dangerous. That is, it challenges assumptions that people take as fundamental either cognitively or morally, and is not afraid to challenge those assumptions. So I suggest as a preliminary remark that a kind of eternal viligence is really important, and it will be awfully easy to forget that, given that the people sitting around this table are so nice and smart and interesting.

Now let me talk for a second about the paper that I wrote. It laid out three broad areas within the humanities that offered a way to get a handle on important topics: First, conceptual or perhaps definitional questions, although definitions are not likely to be the results of conceptual investigations in this area. Second, historical investigations, which I take to include pretty much everything we've heard here today except in the last few minutes of the question period following the last larger talk, because there we did get into some more exlusively normative questions. I consider the historical category to include contemporary history and to include a long list of disciplines and some of the work or a lot of it that people are proposing in geography, economics, sociology, psychology, anthropology, law and a variety of other areas. The third area that I thought should be held clearly in mind in working with this topic is the normative, or I prefer to say "the moral area," because I think "normative" sometimes leans toward a kind of relativism that I hoped to <u>not</u> suggest in saying that. It seems to me as I tried to show through examples given in the paper that every conceptual issue can benefit from historical study, every historical issue in my sense presupposes some tentative answers to conceptual questions, and both conceptual and historical issues have normative components built right into them so that the classification in a sense is pointless. It is pointless if it is meant as laying out absolutely fundamental and sharp distinctions, but it may be of some use at the beginning of our investigation.

What I thought I would do is to talk about a point that I think more than half of the people who presented things here have alluded to, and that some have discussed explicitly. I mentioned it in my paper, but other people have said lots of good things about it, and that is that there isn't a clear understanding of the term "philanthropy," and we could say the same for "charity" or "voluntarism" or any of a number of other terms. As several people pointed out, too many different things go on that someone or other calls "philanthropic" to offer any hope of a unified field theory. So we obviously have to do some breaking down of the thing to keep it clear that the term may be used in ways that are even dangerously ambiguous. But I have a second point, which also has been alluded to already in the discussion so far, and that is that the terms we choose are not merely meaningless labels for ease of reference. There was a person at a conference like this who had only one shirt, and at lunch he managed to spill something all over it. He needed to look good at dinner. He was wandering down the street and saw a place that had a sign that said "One Hour Cleaners." He said, "Thank God" and he walked in and gave the man the shirt and said "When will this be ready?" The man said, "A week from next Thursday." The fellow said, "But it says One Hour Cleaners." The response was, "That's our name."

Now, if philanthropy is a name in that sense, fine. But I know and you know and everybody else knows that it is an honorific term. "Charity" isn't quite so honorific a term. "Charity" sounds fine in certain historical settings, but it also can be a term that recipients don't like at all, so some people stay away from "charity." They talk about philanthropy. There's enough distance built in there. The general feeling is that charity or philanthropy or whatever we call it here is important and that it is good. Julian Wolpert suggested--I hope I've got this right--that if you look at two areas in the country and one seems to have a higher level of giving to charity, if we agree to call it that, then at least there's a prima facie reason to think that the people in the one area are more generous or better morally. Of course one might say that's probably not so and hunt for other mechanisms, formal or informal, that would explain away the apparent disparity, but notice that many people use the level of philanthropic activity as a measure of moral worth, and I think most people in this room assume something like that. Now, why is philanthropic activity good? It's not that people are tongue-tied when that question is raised: It's just that they have lots of answers, and a lot of these are probably correct. One is that it meets needs. Another one is that it says something about individualism and caring and a whole bundle of things. Let me talk briefly about both.

The word "needs," it seems to me, has begun to replace the word "rights" as a key word in discussions when what you really mean is that you want something a lot. It used to be that people violated your rights when they didn't give it to you. Now they are insensitive to your needs. I think these phrases mean basically the same thing. What people don't usually ask is: "What kinds of things are needs?" I suspect that basically needs are instrumental. I need this in order to achieve that. A lot of people don't go on to ask "what is that?" and "is it a good that or is it an evil that?" We tend to replace the moral question that would require for its answer reasoned argument as to why you need it and whether your goal is good, with an account of the depth of one's feelings, an account designed to show how much you think you need it. Be that as it may, to say that philanthropy meets needs is obviously true, but which needs and what directions they take and whether they are needs that we want to have met is another question. If we don't ask that, an awful lot of hard questions can be swept under the rug.

Second, suppose that philanthropy does meet needs, and we agree that they are needs that should be met in terms of some set of values like the set that Michael Gillespie was asking us to reflect upon. The question still remains: Are they the best way to meet them or the only way? That's partly a question of efficiency, and many people have raised that issue. But also, we can ask, "how appropriate are the needs?" If the need is great enough, the need to feed the hungry or clothe the cold, is using pressure to meet the need okay? How about extortion? (Only be sure to call it "philanthropy.") If you cater to the baser elements and motives of people but get them to write a big check for your cause, is that okay? Maybe it's fine, but I'm just asking why we should call that "philanthropy" and award points for moral virtue to those who give and to those who have gotten them to give under these conditions.

There are other advantages of philanthropy. It can help resist government encroachment. It can give room for individual preferences to be expressed. It can make room for individualism in a productive or valuable way. It can give people a chance to form communities voluntarily that will be a benefit to society and also to them both because of the goals that might be achieved and also because of the personal qualities involved in affiliation with others.

That sounds pretty good, so let me take up the last minute with an example of such an association. Suppose the members of a neighborhood fear a governmental action that they think is really going to threaten their neighborhood and their way of life. So they band together, hold a meeting in somebody's house, and say "there's the government again trying to goof things up. Let's do something about it." A couple of people there know a little bit about how government works, and they say "we've got to talk to our member of Congress" or "we've got to talk to the local city council person who represents our neighborhood. Let's raise a little money; maybe we're going to have to hire an attorney to help us find our way through the law. Maybe we're going to have to do a lot of work on this." These people get together and they spend a lot of time on weekends and at night. Some of them start reading planning literature. They work hard at it. It becomes a cause for them and they identify with each other in a way they never have before. They might even think of approaching a local foundation for a grant to help them.

de Tocqueville would be proud: Americans getting together, forming a voluntary association. Here is America at its best. Here is the nonprofit voluntary sector at work. American virtues on display. Individuals forming a community. By the way, what is the goal? Is it to keep a highway from running right through their houses and church? No, no, not this time. Is it to keep alive a government program that was supplying funds to restore the dilapidated housing in the area? No, no. Was it to prevent somebody from building a waste dump down the street? No, no. Actually this group is interested in preserving zoning laws that have the practical effect of keeping black people out of the neighborhood, and they really care about that. Now here is Americanism, voluntarism, community spirit--this is the nonprofit sector at work--or is it? Or is that not what we had in mind when we started to talk?

I guess what I want to say is that a foundation that got a request like that would probably be horrified. It's not because the request doesn't fit into our priorities, but rather because granting money to such a group wouldn't be philanthropy. That isn't what we're in the business of doing, that's not what we mean by the term, yet that judgement, even if it is correct, means that the term "philanthropy" has more than a formal meaning. It does more than merely pick out support of voluntary actions and allow us to ask what role they play in the economy. This means, in effect, that we have already made some deep moral choices when we characterize philanthropy. We have to become aware of these choices and of the moral boundaries that have been smuggled into our definitions. That's why along with the economics, and sociology and psychology and anthropology and law, a bit of philosophy is inevitable. I'm sorry about that.

BRUCE PAYNE: Let me start by responding to a couple of currents that have been there since the beginning of our discussions yesterday. The first is a kind of definitional question and I do think that some of the perspectives of the humanities have something to contribute here. It seems to me that precisely defined terms in this area are probably not possible, but that a little bit of what the philosopher does in mapping ordinary language may still be useful. Maybe a little bit of old fashioned philology might even be more useful. I was fascinated to discover myself the origins of the term "philanthropy" in English some years ago and I thought you might be interested in where it comes from. It is in Bacon's Essay on Goodness in 1595 and it is something of a conceptual innovation. Bacon writes "that goodness, what the Grecians called philanthropia, is called the greatest virtue," and at the beginning of his essay he claims that it is the same thing as Christian charity. But a few sentences later something strange begins to happen. He quotes Machiavelli cautiously, on the tendency of Christians to give up in the face of evil or to turn the other cheek. He quotes Machiavelli and then retreats a little, and he says, "I don't want to endorse what this man is saying, but there is a dangerous tendency to which he is referring." He stakes out a middle ground. "Sell all thou hast and give it to the poor and follow me." You know the quotation. But Bacon adds something interesting to it, "Sell all thou hast and give it to the poor and follow me; sell not all thou hast except thou have a vocation lest in spending the streams, thou driest the fountain. Invade not thy principle." Of course we know that injunction. Well, this is a long way one might say from the accepted standards of Christian charity in the moral and religious language of the late 16th Century. Bacon has reached back to Socrates, in fact, for a classical notion, and he has done so for a very interesting reason. He doesn't explain it, but it's evident. We know who Bacon was and where he was. He's in a society where the very steep social pyramid is controlled by rich folks at the top and some of them are mean and cruel and rapacious and others, within the standards of their time, generous and kind and liberal in their dealings with the less fortunate. He needs a term of praise, and all that stuff about the camel and the eye of the needle won't quite do it. He needs a term of praise, and the accepted moral vocabulary of his time doesn't have a very good one. So he reaches back to the Greeks because they have a notion of magnanimity. They have a notion of concern for the others, and while we often think of altruism, the Greeks didn't require the same kind of self-denial that it had seemed to require in a Christian moral vocabulary. I think that's interesting and potentially helpful in terms of some of these distinctions, but I really wanted to respond to Jack's question about how one gets into this field.

I got into it very directly out of teaching ethics to undergraduates at Duke. Let me tell you that my students arrive in my classes expecting exhortations to self-denial. When I suggest a somewhat less heroic classical ideal like magnanimity, when I suggest that that might be a reasonable and ethical aim, they're troubled. It's not, you see, that they have any plans to give away their money, but in some odd way they want to hear me tell them that they should. You get asked in teaching ethics an to set up a standard, in a way a standard that is so high, that I don't have to meet it. That's implicit, and they're easily talked out of that. But I'm struck by how often they begin from something like that, because the whole question of ethics and God knows the whole question of giving and generosity makes them uneasy. They are the recipients of so much. They're unsure about a life in which one of their principal preoccupations is not to end up failing to meet their parents' standards or even their parents' income levels.

I'm fascinated by all of this. In principle, ethical ideals were as obtainable by the poorest, meekest souls as by the greatest. I think that was the extraordinary triumph of Christian moral thinking in the early days and it has its origin in that story about the widow and her might. There were some similar notions in classical Greece. Socrates represents a view that you don't have to be wealthy to be great and generous, but what I'm fascinated by is that in comparison with all of the inhabitants of the world, or with 98% of them over all time, my students are rich. They have more resources at their present command than most of the people in the world and most of the people in all of history.

The Greeks thought that if you were wealthy and secure, generosity would be natural. It isn't natural. Something is stuck there. It's in fact a problem and one that I find enormously worth investigating.

Let me talk about two things where I think the perspectives of the humanities may have something to offer. One is the question of evaluation and the other--that is to say the normative question--is the question of motive. Beyond the kind of legal requirements, beyond the minimums, what should we praise and honor? What might we question or condemn? I'm perfectly prepared to condemn Houston for its lack of generosity, not to condemn people, but acts, and then to investigate the social system or the social framework that leads people to act better in one situation and worse in another. I think that's a fascinating question and one that really deserves exploring. I think that we are mistaken to hunt for a theory of philanthropy. I don't see how that can be separated from our political theory as a whole, our theory of society and our theory of human nature, but I think we can ask interesting theoretical questions looking for insight and guidance out of the traditions of philosophy and political theory. I think we can look in history as well. We can ask what it meant in a society a long time ago that expected as a kind of minimum condition of humanity that everybody should come up with 10%. It seems like a silly thing to pick a number out of the air, but in a way it set some kind of standard, some standard of normality that all the folks in this community should do at least that. It may not be such a silly thing, and we might talk about what sort of standards we have in terms of the expectations of our fellow citizens for their resources in time and money. What kinds of expectations are there in society, and can we make them a little more explicit?

I'm fascinated right now by a line in Winthrop, which owes something to the Elizabethan homily on obedience. In The Model of Christian Charity he said, "We should abridge ourselves of our superfluities for the supply of others' necessities." I think that's a nice early formulation of a kind of consensus view about what's involved here, and it suggests to me that one of the interesting questions is a question is about "What are the necessities?" I find some guidance in literature and philosophy and political theory. Barrington Moore has kind of rephrased the beginning sentence of Anna Karenina about the stories of happy families all being alike. He talks about the unity of misery and the diversity of happiness. We don't necessarily know perfection, we don't necessarily know the best, but we do know an awful lot about what misery looks like. Homelessness, hunger, lack of shelter--the necessities that are represented there are pretty clear, and we can talk usefully about them and about what the superfluities are. That may be a harder question, but I think it is one worth investigating.

Winthrop could talk in the way that he did with persuasiveness because he knew the boundaries of his community. It was right there, and there were people he could see. We have more trouble with that, and one of the things we need to know is "what are the boundaries of the communities to which we're responsible?" Robert Stone, in that wonderful novel A Flag for Sunrise has characters who keep asking this disturbing question in this Latin American country about whether our prosperity is in any kind of way dependent on their poverty. That nagging question that is there in our society as a whole internally and externally. What are our obligations to people outside of our narrower community? How do we think about that? Then of course, there is the additional problem of foreign aid or the World Bank or of foundation giving outside the country--can we do anything without doing harm? We have a lot of stories that suggest that we do do a lot of harm that way. Anyway, I think there are lots of important questions and all I know to do with those important questions is to further the discussion. We ought to be talking more about these kinds of things. Hannah Arendt said it right when she said, "you know those people in The Republic and all those other dialogues, they never seem to be able to agree on what's just or right." But she says, "You know if you attend to the drama--and you should attend to the drama--an odd thing happens, you see men getting better." I think that's a good reading of those dialogues and I think it is characteristic of what happens. We narrow the terms of disagreement some, we deepen our disagreements about other things, but I think these questions ought to be talked about, and in detail, and in the context of the old story.

Let me turn to the question of motivation for a minute, where I also think that some of the traditional perspectives of political theory and then some other perspectives may have an advantage. I really do think that when we do investigate motives, we've got to escape from the embrace of economics at least some of the time. We're not really so much interested in prediction, at least a good many of us, as we are in changing behavior. To predict is probably enough to know preferences, choices, and dispositions to choose. But what makes up those preferences--values, perceived interests, conscious and unconscious passions--those things need to be disaggregated and looked at more particularly. I think the debate about the values at stake in our choices makes a difference to some people and changes their preferences and their eventual choices. Anyhow, I think that the stranglehold of social science methodology and economic theories are a kind of too narrow utilitarianism that we have to worry about. We'll of course make choices by comparing costs and benefits, but as for discovering what the costs are and what the benefits are, older and alternative moral languages may be more appropriate, languages for moral discovery, just because they're unfamiliar and they call our attention to things that are not yet in the discussion, values that are not yet clearly on the table and perhaps should be. Let me just give a couple of examples of alternative ways of thinking.

When I think about giving in foundations, I think about memorials. That is to say I think about death. I don't think we've talked about that very much here yet and I think we should. Flowers for the dead go back a long way. I don't know if any of you know about that wonderful excavation at Shanidar. We have 100,000 years of history and it turns out that flowers for the dead were put at the death site in a cave of a crippled person who had been kept alive in this community for 15 or 20 years, had never left the cave, and had died in a rock slide. That they brought flowers in to him was the only conceivable explanation for those pollens being in that soil way back at the back of the cave. A beautiful flower. I was struck by that. I was moved by that. I think that there is some purpose to be served in recalling our mortality. I think there's some purpose to be served for us in attending to gifts as expressive rather than instrumental. In looking at what they express, I think that attending to the way in which we use memorials in gifts to purge our grief and maybe then to live more fully in this poignant, brief life, maybe we ought to think about that some.

Let me turn to another kind of example of stuff that isn't always on the table. In that novel by Robert Stone, A Flag for Sunrise, there is this nun, and she's gotten involved with a revolution. She has gone down to work as a medical missionary, and one thing has happened after another. She's kind of lost her way a little bit, people aren't coming to the mission because the authorities are saying keep away, but suddenly there's going to be an outbreak and she's asked to help. And the visiting American foundation-connected anthropologist says to her, "Mae, you're just being used." Her answer is "Damn right! At last, thank God!" And you know, that's right. We all know that. We all know that there's something wonderful about giving. There's not something wonderful about the respect that we get out there, but about the respect that we get in here, inside. And I think that one of the things that is characteristic of my students is that being asked for things and getting out there and doing and helping and giving a little bit frees them in interesting and creative ways. The black cloud that hangs over so many of them begins to dissipate a little bit. So let me make a few pleas to this group for a little bit of help, not really for agenda items. Let me tell you about some agenda items I have and see if any of you have any notions and can send me any stuff or give me any ideas.

First, what's happening in soup kitchens? Is the encounter with the poor that's going on now, that is to say the new encounter by a lot of middle class, upper middle-class, and upper-class people with real poor folks in those soup kitchens of the Reagan era making any difference? What happens when people know more poor people, including more addicts and alcoholics and more of the deranged, the deinstitutionalized? What happens when they know about people who have simply gotten confused or lost out or lost their jobs or what have you? How might that compare to the experience of people who went into the civil rights movement, for instance? If they try to make a comparison, I think it's quite different. I'd like to know what happens to those volunteers over the long run. I'd like to know what happens to their disposition to volunteer for their political and social ideas. I want to know about that because I'm interested in the normative question of what to recommend. I thought that having these soup kitchens was a terrible thing. I know that there were some terrible motives behind the policies that led to more of that, but I'm struck by a process going on that may be producing some transformations in the way that we think about things that look to me, at least, quite beneficial. Does anybody know anything about that? That's one of the questions: Is there any writing that might be related that would be helpful?

The second thing is that in my leadership program I've got a program called Interns in Conscience. I believe that people learn about leadership by associating themselves with folks who make a difference and learning about how to make a difference in that kind of way, and I'm having students work with fifteen of the people most involved with programs of the homeless in New York, people who have found a way to make a difference and who are serving as mentors. I'm intrigued by that mentor relationship, and I'm curious about what happens to people who go into that kind of thing. These are students, not adults. This is the same question as the first one I asked, but again does anybody have any comparable information? I know something about what happened to a dozen students who got involved with the migrants in 1976. Some of them are still involved. That seems to me significant.

A third item and a fourth item are philanthropy and the arts. I'm intrigued to know more about that because we're going to be doing more, and then Bob Payton's plea, what do we know about literature? I would be glad to serve for this group here today as a repository of good literary references for good stories, novels, short stories, and literary criticism that relates to the question of philanthropy, because I think that Payton is absolutely right that we need more of those stories and we need to share them and somebody ought to be sending them around and it's a task that fascinates me, and I would like to hear from you about any of those things.

DENNIS CAMPBELL: I should begin by saying that the reason that I am here I think is because I am the Dean of the school that is in the business of training men and women to be engaged unapologetically in urging people to charity. I'm not a scholar in the area of philanthropy as it has been demonstrated in the last two days. That is to say, I don't know all the theoretical, social scientific work that has been done in this and therefore I thank you all for letting me sit in and listen. It's been very fascinating. I was struck by the comment that Bruce made about death, and it reminded me of a story of a friend of mine, in fact my best friend from Duke days when I was an undergraduate here and we went on together to Yale for graduate work, and he is now the Pastor of the Presbyterian church in Oyster Bay, New York. He has a number of a very wealthy parishioners, one of whom was nearing death a couple of years ago and he came to Rich and said, "Do you suppose if I leave everything I have to the church, I'll go right to Heaven?" And Rich thought a minute and said, "It's worth a try."

If you will think about that you will see that he was a well trained theologian, but that story also sort of pulls together worry about death and ultimate concerns. It pulls together the human proclivity for control of resources and the enigmatic, ambiguous issues of self-interest. Now as a theologian and a scholar in the area of ethics, most recently more specifically in the area of professions, I come to this panel simply to make a few comments in the time that's left.

The first comment is that I hope that this Center and all of you involved in the research and matters of philanthropy will give a strong and maybe front burner attention to what I would call the human and moral issues, because philanthropy really is a moral issue. Most of what I have heard in the last two days, not all of it by any means, but most of what I have heard, has been institutional questions and maybe that's inevitable because after all that's the kind of research you all have been doing and have shared so effectively, and I have learned enormously from it. But there are a lot of questions that, as John and Bruce have already indicated, are really philosophical issues about human agents and social responsibility and character and virtue and all of those sorts of difficult and fundamental questions that have informed and worried men and women through all times and I hope that that will be an agenda that you will look at, or at least always keep a few of us around to comment on. I hope at appropriate times to keep that larger question present.

Now, I want to mention three or four specific things. I like the idea that Bruce had about stories. I think we learn a great deal by what people say about what they do, the way they tell the stories of what they intend. We do have a fairly good record of what men and women have said about what they intend to do. Now obviously, stories are stories, and narrative has to be interpreted by scholars, but at the same time there is that expressive human desire to share and tell why giving has been done. The question of motivation needs to be interpreted and understood with far greater nuance and sophistication than some of the social science methodology may at first make it possible to do. I think we need much more care about that. You might guess I am very interested in the question of religion. I was interested in what Elizabeth had to say. I think there's much more to be done in that. We know in fact that some of the great philanthropic gifts in the history of America have been done in part, at least according to their own stories, because of influence of clergy. I thought, just in preparing for this, that Vanderbilt, Rockefeller, McCormick, Drew, and Duke all said explicitly that their clergymen were influential in shaping their intention in what they did.

I'm also interested in the question of accountability. Some of the discussions of accountability have been, it seems to me, in terms of public accountability. I'm interested in the question also of donor accountability or, if you will, accountability to donors. One of the things that deans in private universities have to do, you all know, is raise money and as much of it as we can. We deal endlessly with donors developing endowment agreements, and I always think to myself quite seriously what a tremendous responsibility it is to translate into an endowment agreement what a donor intends so that you can say what you intend is what we want and this is.... There's a lot to be done in that. When Merrimon Cuninggim said yesterday, "foundation staffs are so reluctant to have examination of sort of the internal management and procedures and what not," and I think, by the way, that's true of universities and other eleemosynary institutions, I wondered if one reason for that isn't the fear that maybe such study and examination is going to show the inevitable disparities between what the donors or initial founders intended and what is subsequently done and what it has become. That's a very complex issue. I am very much aware of that and it's one that I think we ought to be looking at. That has to do also with the matter also of intentionality and trusteeship which I have not heard talked about much here, but it seems to me that trusteeship is an important matter.

I was intrigued by Barry Karl's statement, that same one that someone picked up yesterday, I guess it was Arthur Singer, and Arthur's comment in turn about the way in which the managers of these large philanthropic organizations become a kind of institutionalization of the intentions of the founders and yet are also quite apart. As any of us who have gone endlessly to foundations trying to seek gifts know, the most invunerable person in the world, at least apparently, is the foundation executive. That I think deserves some exploration: What that's all about, and how the issues that surround that clash, if you will.

CHRISTOPHER SCHROEDER: The old advice that was given to people going on the Ed Sullivan Show for the first time ran something like "Try not to follow a cute animal act." I suppose the parallel advice for panelists would be "try not to follow a couple of very passionate panelists." Particularly if you haven't a lot of passion to bring to the topic, what you're going to say is going to sound pretty wimpy. I can understand now why Bruce has won the outstanding teacher awards and I feel doubly contrite at this moment because at one time my remarks were good and were going to pursue something that he touched on a number of times, this business about the unity of despair. It's just too assertive for an academic to be saying something. Now I feel like a spineless noodle.

A few thoughts about normative evaluation, an evaluation of what philanthropy and voluntary action is and does, and how it somehow relates it to ends both social and personal that are argued to be desirable. We've talked about that some throughout the conference. It may not be the most useful kind of topic to study, certainly if Elizabeth convinced me that the big problem is the death of foundations and the lack of a birth rate of foundations. I think a big study of imposing layers of accountability and normative evaluations on donors would probably have the effect of raising the barriers to entry for people who wanted to give money, and maybe you want to suppress that kind of research until the industry is healthier. I do think it is incredibly hard to avoid, however, at least doing some of that kind of work. After the Supreme Court upheld the constitutionality of the New Deal, the assumption has been that the Federal Government is the 300 pound gorilla and there isn't much that it can't do with respect to regulating the rest of us. I suppose you always have to keep an eye out. Is there going to be a change in a the Internal Revenue code to deal with this fair competition problem? What's the impact of OMB issuing a revision to one of the circulars with respect to bidding that requires a government agency to try to fold back in the unpaid taxes and calculating the amount of the bid that's been made by a nonprofit organization when a profit organization is also competing for that same item. I think it's going to be very difficult to make arguments for very long with respect to public policy questions without some kind of evalutive framework that explicates and defends what it is that this very diverse range of activities is about and this probably has to be a kind of analysis that distinguishes some kinds of activities from others and doesn't try to defend everything in a broad fashion. I think it's going to be very difficult to generate a meaningful statement about what those normative criteria are, because I don't think you can be very monistic about it and I think there are a lot of values that work that we've discussed here over the past day and a half that affect what you think about the virtues and vices of philanthropic and voluntary activity.

The only experiences I've had in thinking about this problem very long arrives out of my prior life as a lawyer, back when I had a real job before I became an academic. We used to have debates in the firm I worked for about what constitutes valid pro bona publico activity. Lawyers were supposed to as part of their professional creed donate a certain amount of their time to public activities. There were all sorts of activities asserted as legitimate ways to fulfill this pro bona responsibility. There was what I call the St. Francis of the Assisi or the Mother Teresa model pro bona activity, which is giving time to your local legal aid office to file unlawful detainer actions for indigent tenants. And there's the Medici model, which is representing the San Francisco Opera Society in its legal affairs. There's the Ralph Nader model, legal aid class action impact litigation or suing Walt Disney to prevent Disney from putting a ski resort in valuable land or fighting to preserve Rainbow Bridge from being inundated by Lake Powell. You can make up other models, a range of activities that met somebody's definition of what constitutes work for the good of the public. I used to get morally outraged at some of this activity, but I suppose if I were put in a position of actually having the authority to say what people could and could not do I'd be fairly pluralistic about it. I couldn't in good conscience say of these activities that this just doesn't count. In some sense it's just not good for the public to spending your time representing the San Francisco Opera; they could hire somebody full time to do that at corporate rates. Why is there such an array of activities, and why do I find it so difficult to evaluate as a prescriptive matter what kinds of things count as pro bona activity in the legal profession?

One problem I think, arises out of comparison with some work that was done on another kind of "for the good of the public" question that's been on the table recently and when I was going to school, namely corporate social responsibility. As a legal academic, I don't have a book to push. It's a source of confusion when people like lawyers come before appointment and tenure committees and they want to know "how good is his second book?" and we seldom have one. John Simon has one and others do too, but I'll push John's. It's a 1972 book he did with an instructor of mine, Charles Powers, and another fellow, John Gunnemann, on the problem of The Ethical Investor--Universities and Corporate Responsibility. I remembered the book and I went back to look at it, and one thing that struck me was how relatively little the debate on this front has advanced since the book came out in '72. I think that you could find an anticipation of most of the public debate over things like South African divestment, which isn't a problem explicitly dealt with back in the early 70's. What interested me in comparing their approach to that problem with the kind of approach you'd have to take to evaluate philanthropic activity is the following: The thesis of the book, or the premise they develop, is that there is a moral minimum you can define for corporate social responsibility. It involves two things. First, corporations should avoid self-created social injuries in conducting their own affairs, the so-called negative injunction--do no harm. Second, what they call the Kew Gardens Principle, arising out the Kitty Genovese incident in Kew Gardens. It's whenever you perceive an urgent need, you are proximate to it, you have the capability to do something about it, and you are the source of last resort, you've got a moral obligation to do something about it. Then they set about arguing that this is a valid principle to apply to corporations and to shareholders and to university trustees, it triggers a set of guidelines they push forward in the book about attitudes on investment responsibility. There is a big difference between the concept of a moral minimum with respect to corporations and with respect to philanthropic activity because the structure of corporate activity is folks doing things for other reasons that may have undesirable affects and the nature of the negative injunction is "do no harm" when conducting the activity, this other useful activity that you're doing. Philanthropic organizations' voluntary actions are intentionally conceived to be doing good things, to be working on the upside of the morality, the aspirational dimensions of morality, rather than the preventive or the negative aspects of moral duty.

I don't think there's a very good conceptual basis, for discriminating among criteria on the aspirational dimensions of life. How do you rank order all the good things that people could do? One direction you might take Bruce's remarks are that so long as there's misery and despair it trumps everything else, and the normative criterion is that to the extent that you've got discretionary resources that can be directed or to the extent you are a clergyman who can influence the use of other people's discretionary resources, the only one kind of activity that makes any kind of sense that is the elimination of immediate forms of human despair and misery. I don't think that a sufficient set of criteria for evaluating the wide range of philanthropic activity for no other reason than so long as you're going to continue to live in a society in which individuals have the discretion to choose where they put income, and so long as we tolerate the gross forms of waste among individuals who have money, it seems to me that you can't have a prescriptive criterion that says if you're going to be generous you can only be generous in certain kinds of highly defined ways that are narrowly directed at rescue efforts, if you will. That lays on the table thinking about an area in moral philosophy and ethics that I think is not very well thought over, and maybe Dennis and Bruce can point me in the direction of some things that will make some more sense to this: that is, what kind of pluralistic or nonmonistic model or way of thinking exists about the multiplicity of good things that people can do? Do you want to begin thinking about what a normative evaluative framework looks like for this range of activity, which you really could define in terms of its end as being activity directed at just this kind of multiplicity of good things?

PAYNE: I just wanted to respond to this last point. I thought it might be a good place to begin, because I think I accept your distinction, which I gather draws from Lon Fuller a little bit between the duty and aspiration side and it seems to me that misery and despair don't trump everything else, though they stay in the way that Rovald might suggest as a kind of constant concern that if you're unconcerned, if any group is unconcerned, with nearby misery and despair, there's a sort of great question that's worth raising about all the other things they're doing. Why can't you be concerned about that a little too? I would say there's a kind of minimum position there. As far as whether you can make any kind of distinctions otherwise among the various good things that folks do, let me just suggest one place to begin and that's a sort of comparative one. Dick Netzer in The Subsidized Muse, his book on public support for the arts, suggests that it really was indefensible for subsidies from the National Endowment for the Arts to go to the Philadelphia Orchestra because the effect of those subsidies was to reduce the prices of the most expensive seats. That was clearly not an appropriate governmental purpose and I would say that it is clearly not an appropriate philanthropic purpose. That is helping people who don't need any help at all.

My own work in public policy and the arts and now in philanthropy in the arts suggests, in my own thinking about this and teaching about this, I've kind of come to the conclusion that one wants to make some distinctions that are appropriate within the arts and look at the thing itself and say there are some people who are interested in aesthetic experiences that transform us, that transform the way we experience other works of art, that transform the way we experience the world. Those changing experiences are in some way especially important, and looked at from Mill's or from someone else's point of view and philosophy, they have an additionally interesting characteristic: They may be terribly important but you don't know in advance that they're going to be terribly important. If you don't want to buy them in the market, they may have to be given to you. I think of the money that has gone into the dance program. First the Ford Foundation and then the National Endowment believed that if people really got to know this stuff they would love it. The audience for dance has been multiplied by about 10 or so, which is extraordinary, so I think there was a clear purpose being served there.

Whereas I think funds that just go to the development of connoisseurship where we get a little better at things we already know are fine but are more problematic. It's also an interesting thing about money in the arts that it goes some to poor producers of the arts and some to all out consumers, and that's going to be impossible to disaggregate. Also, the audience is likely to be better off than average, but if you're going to get a bigger and more democratic audience it's one field where you may have to fund by trickle down, which is embarrassing but probably inescapable. I think that you've got to have some worry about the best things as well as the worst. I guess my notion is that markets should take care of the middle but that the best and the worst are the proper objects of philanthropy.

JOHN SIMON: One of the issues that involves a number of normative and philosophical questions that is triggered by what Chris Schroeder and Bruce just said has to do with the redistributional effect and what role it has in philanthropy—a subject that the tax system occasionally gets on the edge of tackling as it tries to figure out, as it has with differential results, what is the obligation of a 501(C)(3) tax-exempt organization to serve the poor? The IRS once said hospitals had to serve the poor in order to have 501(C)(3)--they had to have charity wards--and then the IRS backed off from that, saying that it's okay not to have free wards as long as there was an emergency room, and now it's not clear you have to have an emergency room, but if you have an emergency room you can't turn people away without treatment. On the other hand you have activities that look more commercial, like restaurants. Can they be charitable if people pay? Or if they pay at cut rates? Or does the restaurant have to be a Soup Kitchen in order for it to be charitable? The charitable tax system struggles with the redistributional problem but not explicitly so. I've had some students try to get their hands on it, and I sent a memo out to all our Yale researchers about five years ago (our program cuts across disciplines) suggesting that all our investigators would look at this issue--but that isn't quite the way to get people to do it. In any event, I think redistribution is a rather interesting question about nonprofits that cuts across the law and philosophy and economics and some other fields.

KATHERINE BARTLETT: I wonder about this question of whether or not misery comes all under "Goods." We all think in terms of values being not relative, but constantly evolving, and a product of what society can sustain about them, and how society finds them at a point. It may indeed be possible that our concern here for the miserable ought to come foremost, but we just can't handle that right now. We're not at that point, and maybe the early Christians were closer to this point than we now are. That's just not who we are right now, there are too many religions and morals in the sense that we have more complicated sets of values that are within us and the one possible topic for research is trying to get at this normative evaluation of our criteria for philanthropy, how it changes, and how it's developing, and if there's any dynamic here that might instruct us about motivating people.

O'CONNOR: I think what's happened in part is that we have broadened our categories of despair and not being well-off to include a lot of people who in the past wouldn't have made it. When the Supreme Court held that you couldn't have prayer in school in part because it put children who don't pray under psychological pressure from their classmates, that was an important shift. It said somehow you not only have the right to be free from physical attack on your person but also from psychological attack. The Yale case raises the question of who's being interfered with and from what level. So I think we are becoming a therapeutic society in which psychological ills are taken to be as serious as physical ills. We are subjected to lots of claims in which we're told that the current state of affairs is unacceptable. Why? Because I'm unhappy. Not because I'm hungry, but because I'm unhappy. I think part of the dynamic is that our society is trying to help what started out as a limited group of people in need, and we keep adding to that group because we care about people in more than one dimension. We're partly at fault.

ELIZABETH BORIS: There are many dimensions. Recent research shows that less than a third of the beneficiaries of the nonprofit sector are what we would label indigent. I think we need to keep that in mind when we talk about philanthropy in terms of those at the bottom of the income scale. There's a lot of what's called cross-subsidization. The YWCA or the YMCA will charge fees for those who have higher incomes and provide programs for those who have low incomes. There's a whole range of nonprofit organizations that really exist for the middle-class and they're also considered to be engaged in philanthropy.

VIRGINIA HODGKINSON: But they're also considering mainstreaming. Is your cure for the poor to put them off into a hospital or is it in fact to mainstream them through an institution which serves a range of the people within that society? One solution was the YMCA, which serves the range of the community, and others are organizations that serve only the poor, and that's another view of how we can solve the problem.

MARTIN GOLDING: I would like to inject a whole new distinction into this discussion, and it's a distinction that is problematic in many ways and which might be illuminated by the study of philanthropy. It is a distinction that moral philosophers made for centuries: the distinction between duties of justice and duties of benevolence. The distinction is a very significant one because a duty of justice, as it's called, is a right of the other party to make demands against you, while a duty of benevolence is only an imperfect duty. It's a discretionary duty. The other party or the recipient has no rights against you and so on. One of the explanations for this distinction between perfect duties and imperfect duties, duties of benevolence and duties of justice, is that the imperfect duties are ones in which there is a coordination problem in some sense. There are lots of people who need things who might make demands on them, far exceeding, say, my capacity to provide to sick people all over the world. There are people starving all over the world, et cetera, et cetera, and to say that they all have rights against me would put me in an impossible position. I have the decision of how I'm going to fulfill that kind of duty, but with perfect duty there is a kind of one-to-one correspondence. We can always identify who the rightful recipient is and so on. I think the study of philanthropic activity organization skills might be able to shed some light on the problem of that distinction, and one reason why I bring this up is that one of the things I'm hearing in the discussion is that the humanities and other disciplines will somehow provide standards for judging what is going on in these activities. Of course it won't be prescriptive in any way, but for inquiry and thoughtful deliberation et cetera, I think the question should be whether the study of these philanthropic organizations and so on has some use to people who are interested in the more analytical appeal to your medical problems of moral philosophy, social philosophy, and so on, and I think this would be one area which would be of considerable interest to people.

JACK MURRAH: That leads very interestingly towards just exactly what I wanted to ask, and this may be a premature sort of question to ask, but do you conceive now how you expect humanists or those who represent those disciplines to be engaged in a nonprofit center? The common labor role is to comment and evaluate rather than initiate plain questions or to be collaborators in work with social scientists.

CHARLES CLOTFELTER: I was initially going to say I don't know how they would be involved, but my own instinct is to have these questions to be central and I think that is certainly on the front burner of Joel's own agenda, too. The second part of your question was "should they just be commentors, or should they be in on the beginning," and I say that's an easy choice. I think they should be in on the beginning. Part of what we want to do in the last hour up until 2:00 is to talk a little bit about what we might be aiming for at Duke and having you all give us some suggestions about that so maybe we can come back to that.

JULIAN WOLPERT: One of the raging debates, or at least theoretical debates, that is currently going on--I guess it's best represented by the view of Burt Weisbrod as opposed to Henry Hansmann--is that philanthropy represents on the one hand market failure or on the other hand public sector failure. The issue is a particularly important one for humanists to address because in a way what it suggests is that the existence of charity or philanthropy is tantamount to the existence of failure of institutions in our society. We need remedial attention to be provided through benevolence to problems, whereas they should truly be resolved in your reliable and comprehensive ways. It goes back to some of the things that Chris said about corporate responsibility. The purpose of philanthropy ought to be to be able to do away with its own need. I wonder if there's some insight about this.

PAYNE: I'd like to comment on that if I could. I think that is the kind of distinction that we've been working around here, crosses between duty and aspiration, and the distinction between the duties of justice and the duties of benevolence. It's in the first of these where philanthropy might appropriately aim at doing away with any necessity for itself.

I want to offer another distinction that may help. I tried, and I think it's too casual to suggest philanthropy comes out of the concern with the worst and the best. Maybe one other additional helpful category would be happiness on the one hand and meaning on the other. Human beings search for both and it may be appropriate that the minimum conditions for common pursuit of ordinary life and the minimum conditions necessary for participation in our common political life ought appropriately to be there for everybody, and we are eventually to see them as our common possessions and maybe even our rights. I can't imagine any such things being said about our search for meaning or for even those transcendental forms of happiness that we talk about, joy or delight, and there the non-governmental, pluralistic, non-evasive notion of philanthropy is about the only thing beyond individual pursuit that would be appropriate, and so maybe that helps.

I do want to come back to say that that's part of the reason that the concern for misery doesn't override everything else: the meaning may be as important as happiness. We may finally be willing to sacrifice our happiness in the pursuit of meaning. There's a certain kind of minimum where Maslow says God can only appear to the people in the form of bread. Anyhow, I think that beyond that minimum there's a going to be a place for philanthropy and we ought to investigate that. There the discriminating standards will grow out of the stories that we tell and will be comparative. I think these people do that thing better than those people do that thing. Those are particular judgements about particular possibilities, and you know you can make those discriminations among opera companies.

FLEISHMAN: In a serious way, characterizing philanthropy as either market failure or government failure troubles me a great deal, because I would hate to think of a society in which there wasn't some kind of failure. In the same way that all aspirational kind of activity plays a very important role in individual human beings and societies, I think that philanthropy does, and I don't know that it necessarily follows that calling it a failure means that it isn't a positive good, but it came to me as little footnote I wanted to add.

DUNCAN YAGGY: I'm interested in that same point. I work at the hospital and it's interesting not only to notice how our notions evolve, but also how they change over time about what is appropriate for public sector or proprietor sector or the non-profit sector. The hospitals are particularly interesting because right now there are hospitals in the same town providing equivalent or similar services to similar populations, and I think many of us don't have much sense of that or of why it is we should have to maintain hospitals in all three sectors with no sense of the inconsistency. I do think there was a time not so long ago when proprietary hospitals were thought of under this shabby label, and it was thought that health care was not something that should be profitable, period. I mean, one ought not to seek profit in that sector or from the provision of that kind of service. The seeking of profit in the health care sector was left marginally to doctors, hospitals and to a very small specialized segment, but beyond that not much. That notion has really changed over time. I mean, it's very clear now that an awful lot of people feel perfectly comfortable either in the provision of health care for profit or in getting their health care at places that are not for profit. It's interesting, I was thinking back to Burt and also to what Bruce suggested to see how our emotions change about what belongs in the non-profit sector. It's not right if you don't allow medical care for profit because the dead hand of the public bureaucracy could kill it with the other. It needs the life that it can get in the private sector, but without the corruption of those with profit motives.

FLEISHMAN: Something you just said triggered an interesting idea in my mind. When you sit here talking as you normally do about philanthropy and foundations, just confining it to foundations as one particular model of money that's there and is to be given away, this notion that just you just said stimulated another idea, that it might be really possible to think about different kinds of foundations, created for the purpose of making money in order to give it away. Thinking back on the questions of why donors give away money, it may well be that some donors make money in order to give it away rather than thinking of it as simply having made it, what are we going to do with it and how are they going to satisfy the taxes? I'm just wondering, you know, it's just a crazy idea but I throw it out on the table because it leapt into my mind.

DAVID ASHENHURST: Well, first, obviously, the tainted money and the color of your money and who funds you and all that is also part of some of the discussions of values that have been going on here. I also wanted to say something in relation to something John really said to start out with, in terms of "would we call that philanthropy?" You know, would we call that philanthropy if the community's aspiration were on some other scale of goodness not very good. If they want to keep out the barbarians, maybe, but if they want to keep out people because of their color or creed, that we wouldn't call good. I submit that one of the tensions between philanthropy as it is and philanthropy as it is conceived is a difference like the difference between law and justice. As a matter of fact, for people looking for books to pile up on philanthropy, I think Bleak House is a pretty good one. In talking about Bleak House, a man named Robert Donovan once talked about Charles Dickens' absolute hatred for the law because he couldn't see he could see how on any given day the law yielded manifest injustice. His real concern was justice and the law didn't seem to have any relationship to that. When people go into the practice of law, presumably they have some notion that eventually justice is served by law, even if on any given day law is whoever is stronger in a in a kind of intellectual combat. I guess I would say when people talk about philanthopy and its big ideas it's kind of like a free speech thing. Although any number of the instances of it might not be what we call good, we want to still say that the possibility of it and leaving it open for varieties of interpretation is itself some sort of good. That's uncomfortable, but I think that responds to something you were saying.

THOMAS MULLIGAN: I believe the unifying theme of a lot of this, and the big contribution that the humanities stand to make to the work of a center like this is in dealing with the issue of the justification of philanthropy. You can take justification on a lot of levels. You can think of it as looking at the justification of the existence of the philanthropic decisions of the foundations themselves, the justification of the donor's behavior in donating--and you might distinguish individual donors from corporate donors--the justification of the social institutions which support philanthropy. The government often supports philanthropy. I think the question of justification has haunted a lot the discussion we've had over the last two days. Professor Karl mentioned the rhetorical question of if the foundation managers are being so good, why do they hate us? Professor Goodwin alluded to the skepticism the social scientists feel about people who don't seem to be maximizing their utilities in the normal way. Professor Yaggy mentioned his observation that the people who set up foundations seem to be motivated very much by a desire to be doing the right thing. Everybody wants justification for philanthropic activity, and I believe it is very much at the foundation of the research, and I think whether you explicitly deal with it or not at the Center it will haunt you. It is at the bottom of a lot at the Center.

Summary Discussion - November 21, 1986

CHARLES CLOTFELTER: We had scheduled here a time of summary, and I had two kinds of summary items. One was to say a word about what in our preliminary discussion we thought we might do at Duke operationally, and the other one was a little bit of summary on all of these agenda items, and I have asked two of our colleagues, Julian Wolpert and Craufurd Goodwin, to help me along on this issue. I also have a list. So, what I would propose to do is first start talk about how Duke might operationally go about this. The first question is "how ought a place like Duke operate with limited funds?" We would like them not to be limited but at the present they are. I think you can see--and I'm not patting myself on the back--you can see one of our comparative advantages at Duke and that is we have very talented faculty from a number of different disciplines who talk to one another. This is especially the case in the social sciences and the humanities. We don't have any physical or natural science faculty members here. I think the natural home of these issues would be in the humanities and the social sciences. So we do have that advantage, and I think you can also see among the faculty who have not had research records or research careers in looking at philanthropy that at least I have been writing madly when they've been talking. So I think there's a lot of potential for future research among our faculty here.

The kinds of things that we had considered include "how are we going to spend our budget?" Number one, we thought we might try and find some graduate students, mostly Ph.D. students but also some Masters students who might be writing in areas related to these questions or whatever questions that we pick as an agenda or a quasi-agenda. One thing the Yale program has done is to have graduate students come in for the summer and write a paper. That might be a model that would work better. You mentioned literature review, and that might be a good way to get somebody interested who wasn't otherwise supported for the summer. That'd be number one. My sense of support for graduate students is that there's a lot of bang for the buck.

Number two, try to get colleagues who are on the faculty here at Duke interested in these areas and have them write on the topics that they're passionate about which are also are somewhat consistent with what we're trying to do. We do have a lot of good scholars here. My hope is that I can get some of them interested in some of these issues.

Three, we would hope to circulate working papers. Working papers, as old fashioned as they are, are the bread and butter of a lot of the academic work that goes around.

Then, we were possibly thinking about a theme conference, maybe with an edited volume. One theme conference that we were talking about in preliminary stages, and this comes out of my own interest, is "what is the effect of the 1986 tax act on giving and the non-profit sector?" This is probably the most widespread, far-reaching, fundamental change in the tax code since 1954 for sure and maybe since 1913 when the whole thing was set up. It's just a wholesale change in fundamental tax law, tax structure, and a lot of the provisions specifically affect donations and non-profit organizations, especially higher education. There's a lot of questions that we at Duke have no idea about how to answer. What is going to be the effect of these new pension regulations and nondiscrimination rule? What's going to be the effect of deductability of interest on student loans? The reason we don't know is because there hasn't been fundamental econometric empirical work. So part of our idea there is not only to look specifically at what might happen for this particular law, but let's develop some understanding about how these things work.

I guess the last thing before we throw it open is we might also try to engage our faculty here, possibly with some others, in a year long seminar on a more narrow subject. That would be consistent with getting some graduate students involved and also getting faculty so that if we could be working on somewhat related topics then we could meet regularly and there would be a collegial aspect to it that would be different than just the normal collegiality that we would expect.

The question has come up several times, "should we have an explicit agenda with four points and if you don't conform to one of those four then you're out?" I think most people would reject that, but then most people would also reject whatever you think is good. You know, "We'll just apply the usual standards and that looks pretty good. We'll do it without any form at all." So, my reading is that the group has a consensus that they would go with Simon's quasi-agenda. You have an agenda, but you also are responsive to the passions and letting maybe five hundred flowers. Let me just throw that on the table and take ten or so minutes and then we can switch. We can end where we began. What are the questions? But right now just operationally, any suggestions about what you think would or would not work? How should we spend our money?

JOEL FLEISHMAN: If I could just throw in one other thing, occasionally here in the past what we have done is support some foundations and otherwise we have included Chapel Hill colleagues in the things that we've done. There are several joint university efforts. I think that we will try to do that in this case. With respect that the faculty seminars might run all year long and also in respect to any kinds of special conferences that we have, or graduate students over there who might be interested in doing things like that we could invite them. So there's a range of things that could be done because there are two great universities together here very close by where you can do that kind of thing.

DAVID ASHENHURST: Along that same line, especially if you're talking about comparative advantages, the think tank you've got up the road where all these humanists hang out is a resource that Yale doesn't have, that a whole lot of other places don't have, so that besides having the particular strengths of the Duke faculty in inter-relationships, I think to overlook that as one of the fruits of this particular region very narrowly construed would be silly. That that ought to be looked into.

Just two other things that I want to say: Especially to the extent you're doing econometric work and things like that, the protection that the non-profit sector always takes from too much government support is foundation support. If you need protection from all that foundation support, maybe you ought to think of at least some of the activities that further this research agenda being done on government contract for questions that the government is really interested in finding answers to. I don't think that's something that should absolutely be avoided. I don't think it should dominate the agenda or the agenda-setting of the Center. It just seems to me that you don't have to say there's no role for government-funded contract research in some of this, and especially in some of the social science areas you should think of that.

The only other thing that I want to say is something that John has talked about at Yale and not done, and we both talked about it with you last night, but I'd still like to put on the table the notion that there is not a journal in this field in a kind of scholarly way. John has said "publish in the journals of your discipline," so things come out in the political science places and law places and everything else, and the Foundation News and The Chronicle of Higher Education, which between them become kind of the journals of record in this field, if nothing else. The Chronicle of Higher Education does a closer job in some ways, but there's no place to find out unless the Foundation News decides to review it, sometimes on a 3-year lag about a difficult economics book that has some bearing on this field. I'm not sure whether you're talking about a referee journal or a law review sort of thing where it's refereed in a different way, but somewhere to have a list, even a quarterly bibliography, that comes out says what's been published out there with philanthropic content in all these disciplines and doesn't presume necessarily to have a whole lot of additional intellectual input put in by the Duke Center would be a real service to the field. I don't want to stint things like Research in Progress and stuff like that, but those are a couple of operational things I think we should think about.

JOHN SIMON: I just wanted to say that maybe we're kidding ourselves about resources while we have been straining intellectually here. It might be nice if we had completely buffered funds from some group or a part of some sector. And it might be nice if we would not engage ourselves in working for an institution that is part of the nonprofit sector, but Duke is Duke so, while you've got that for strength, people will say that what you're doing is biased a little bit toward philanthropy or the philanthropic sector. You do see people raise their eyebrows either about the research institution being part of the world of voluntary or non-profit organizations or about where the funding comes from. Most of the funding for our program comes from foundations, and we've never had very much agenda-setting from the foundations at all, except for someone who comes to us and says "we're particularly interested in this. If you've got something going in health care, we like the subject." But I have never heard a foundation say, "We have a methodological or an outcome preference." The same is true of the corporate support we have. The big problem with government support is that it's a lot of work to get it. This is especially true if there's a competitive award system. I remember we struggled for a long time with competitive awards being given for work on private sector and public sector education. We had to do a huge proposal, endless elaboration was required, and you're going to get $20,000 when you're all through. I'd like to have $20,000 just for the amount of labor that went into that one.

CLOTFELTER: Let me turn back to the substance question and ask first Julian and then Craufurd very vaguely if they could just be thinking about pin-pointing or highlighting some of the big questions that are still out there for us to worry about.

JULIAN WOLPERT: I'm very happy to try. First, I found the meetings very stimulating and too short. There is just not enough time to really pore through a lot of the issues that were raised. I'm grateful to Charlie and to the supporters of the conference that they managed to get us all together. I had hoped or would hope that in the future some of the meetings can be either longer or more circumscribed in topic, so there could be more of a feeling of accomplishment. Despite a lot of protest here about lack of clarity on concepts, I sensed in an incredible convergence on both normative and descriptive questions. There was much more commonality than we expected about the meaning of philanthropy and charity, more clarity here and in the literature that we'd like to admit.

Secondly, important issues were raised that are really empirical questions. In fact, we were raising more interesting empirical questions than can currently be addressed. The major gap is not the matter of imagination and conceptualizing up good questions. Any talented group can do what we've done here, but developing questions that are testable resources is harder to do. One of the functions you can carry out at Duke is to direct researches to those questions that are accessible. The tax question is an important one and data sources can support additional study. It has been very important to have people from different disciplines here. In confrontation with one another, the attitudes softened. Philanthropy can be addressed fruitfully from many different approaches, rather than purely through one discipline. In future efforts, even on the tax question, I think it would be very helpful to involve the humanists.

We didn't touch upon the different philanthropic sectors except for a brief discussion of the health and art sectors. Each would require a separate set of sessions. There is so much differentiation that our sessions would have been even more complex. I feel we gave too much attention to foundations and their decision-making process relative to their importance in the philanthropic world and not enough attention to corporate philanthropy. We didn't talk about individual contributions and their targeting.

I learned a great deal, as I am sure is true for everyone here. I found the meetings to be very useful, and just wish we had another week.

SIMON: I was just going to encourage the possibility of using as an organizing principle a combination of your point four and point five. Point four was theme conferences, point five was a year-long seminar on the same theme. Now, if the theme conference and the year-long seminar were both on the same theme, you could do something that we thought about doing one time, making something the "theme of the year." Our problem was that it would be very hard to ignore all the other actors in order to have this thing work. At Duke, you have the advantage of being able to start without having all of this existing agenda, and therefore it's conceivable that you might want to try the theme approach and see what works, picking a theme on the basis of apparent importance, researchability and testability, availability of data, etc. What subjects may be big a year or two years off would be good to schedule in advance. Maybe you could run each theme on a two-year phase, because you're likely to have miserable seminars and conferences in September and October of Year 1. Maybe for each theme you've got a year in the dugout and a year with seminars and conferences and papers coming up. Maybe some themes would be industry themes, say, about the arts, or geographic themes, or others would be themes that have to deal with something like the impact of taxation or incentive structures or some more fundamental question about the justification for the sector. That doesn't mean that if some marvelous idea comes along and it doesn't fit the year's theme you're not going to have a reserve power to deal with it.

Summary Discussion - November 21, 1986

CRAUFURD GOODWIN: What I've done is sort of put myself in the position of Charlie and asked myself what questions will continue to face him after this meeting, and maybe some suggestions about how to get going. I also find that I'm kind of putting myself back in my old philanthropical roles: These are the kinds of notes for a memo that I would write after a meeting like this. I see a number of major questions that I guess were in my mind before this meeting, but it's certainly much clearer after hearing 24 hours of discussion and I think that they're big questions for the future of the Center.

The first is, can a reasonable focus be given to the Center? We have seen both an enormous topical spread among those three domains of charity, philanthropy, and the non-profit sector, and an enormous disciplinary spread. We have seen probably a dozen pieces represented around this table and I think that if you're going to make a practical operating Center with constrained funds you're going to have chop away some pieces. That's my sense, but then the question is what pieces, and do you do them permanently or do you have a kind of a floating agenda? Do we have a thrust for three years which involves the social sciences, and then we'll move to law or something to cope with the real problem spread that you've got?

The second big question, I think, is how you mobilize excellent people to attack a subject that is both unfamiliar and unrecognized in the disciplines. It's something that gobbled up the discussion repeatedly. How do you get an economist to take this subject seriously, or people in law? What does this do to your promotion chances? I think it can be done. I think there's been a lot of interesting experiences since World War II. I think we've seen American universities start centers in almost everything you can think of, and some have succeeded and some have failed and I think that you can probably gain a good deal of insight from that experience, and I don't think this is the biggest challenge I see in this area. It's got enough inherent excitement about it and perhaps a surprising degree of interest when you have an opportunity to really demonstrate to people that there are questions that are researchable and attractive in law and different areas.

The third big question I see, and I think it will take a lot of thought, is what the audiences should be for the Center. Should you try to respond to all of them, and if so, in what way? I think that these are the audiences that I see: First of all, academic peers. You've got to be respectable to the other faculty members. You're in academia and you can't do a lot of stuff that's not going to be impressive in the eyes of your colleagues. The second audience is the three sectors: the charitable, philanthropic, and non-profit sector. I think that you have the opportunity to respond to their needs, to produce research that will be relevant and helpful to them and to have career training opportunities, seminars on special subjects. I don't think this has to be as disreputable as I think was implied on a couple of occasions here. I think that engineering schools and business schools have shown how well this can be done. I think it is possible to be helpful and maintain your position with your first audience, which is your academic peers. The third audience is public policy-makers. Can you produce material and results that will generally be helpful to government as they face the problem of how to deal with this independent sector? And then, finally, students. I found myself sort of waffling on the question of whether there is a training potential here as I heard Art or a few of the others. I think it is possible to provide some training dimension for students. It should be: We do it for people going into business and into government, so why shouldn't you have some subject matter that would be relevant here. Since it's never been done as far as I know, it would be a real exciting challenge.

Now, finally, the research opportunities that appeared. A sort of breakdown according to the three domains that we're covering is possible. They have positive and normative dimensions, and if you express them in terms of three questions, it seems that the first question would be "Why do people give both money and effort?" That's sort of a positive question, and normatively "Should they be giving and if so what, and how much?" The normative dimensions of all these questions is where the humanists are most comfortable. The second set of questions would be: What do the philanthropists do? What do they really do? What do we think they do? Can they do it better? Here's where the question of accountability comes in. What is it? Can it be accomplished? In cases of the non-profit sector, how do they operate? Should they be controlled in some way? Should they operate better? We have those three large questions which we've been nibbling at here that seem to offer an enormous opportunity, so I guess I come away from this discussion thinking that you've reached a great challenge and an exciting and promising one.

CLOTFELTER: Thank you very much indeed. Let me go in reverse order. I've got six ideas down here.

Number one: What role is there for virtue, character, and social responsibility, moral obligation, and ethical questions? I think that these are very crucial, and something I don't have any tools to work with at all, but I think this should be an important thing and this is something that I think of in the back of my mind. I think that might be one thing Duke has a comparative advantage in.

Number two: This is largely stimulated by the comments of Michael Gillespie but maybe this is already understood well--the political and philosophical implications of the non-profit sector elites. Are foundations inherently undemocratic? I know that some of these are issues that have been dealt with to some extent by historians and perhaps political scientists, but my notion is that political science textbooks don't have a well worked-out theory of how these institutions work. They probably do, but at least somebody represented it that way, and if that's the case, what about this tension between democracy and elites in foundations? I think that would be something, considering the kind of strength we have at Duke in political philosophy is just about overwhelming, especially if we even add to our faculty more next year. We seem to have a great strength in that area and that might be something that Duke can do.

The third one is something that I'm very interested in, and it has to do with the distributional aspects of all of this. To what extent do the benefits in any of these cases affect different people on different parts of the income scale? There are a lot of things I'd like to know, and sometimes it's not polite to talk about the distributional impact of some foundation activities, but that will be something that an economist will certainly want to know. Elizabeth Boris noted in Lester Salamon's finding that a third of the beneficiaries, or less than a third of the beneficiaries, of non-profit dollars are poor people. That's not surprising to me. There's a discussion of foundations as elite. How elite are they and to what extent is there distributional content in this tension? It also relates to Russell Roberts' contention that there is no charity that is really redistributional with the governments taking that over completely. Then I'm interested in corporate giving. Nobody talked about corporate giving. That's partly my fault. Tom Mulligan is the only representative from the Business School, and that's not something that he's done a lot of work on, but I think that he's thought about it a lot and that's why I wanted to try to get him involved in this.

The other two topics have to do with what motivates people to give. How can we explain it? The comment that Julian made, that some of the questions we ask are way beyond any information, is valid, but I think we do have survey data that could go more into how you can explain the distribution or composition of contributions. We do know a little bit about what the biggest gifts are and to what kind of charities they are made. I think more can be done with the 1973 survey. How much do government, peer pressure, and psychological questions about incentive structures matter? Dennis Campbell made a very diplomatic comment about certain nuances that perhaps some of the social scientists might miss in this. It was a point well made. Economists especially just bulldoze in with a simple utility maximization model, so I think there's a great deal to do there. Related to this are the differences between North and South, the differences between small communities and big communities. A lot of my own interests are empirically oriented, but that doesn't mean that I think the humanistic questions don't matter.

FLEISHMAN: I want to talk about the humanistic things, since it's fresh in our minds. These are things which I am very much interested in, and I'm also interested, as I said before, in what John said of alternatives to having the IRS be the auditor of what is and is not not-for-profit activity. I'm struck. I've never really thought about the issue of the IRS, being basically a revenue raising agency, having the final say or the question of what is and what is not not-for-profit. I think it would be interesting to think about that question, to think about what the alternatives are to it. John said that he is very much opposed to having a government agency deciding what is and what's not a philanthropic activity. There are a lot of amateurs doing it, but you do have a government agency doing it now, and maybe they are an amateur government agency, but the question is what do you do?

BRUCE PAYNE: Don't you really have two parts of the government doing it? I mean, in a certain sense it's the IRS, but really the crucial decisions are all decisions of the courts. I mean, all those IRS decisions that have been contestable have been contested in the courts that have made the decisions and I think that what we're really talking about is a forum for reasonable argument and some kind of decision made after the values are on the table, and I think legal decisions are defensible in this case.

SPEAKER: There's a lot of administrative rule-making.

SIMON: It makes an interesting topic, because it's a federalism issue about whether we should have some of this stuff go back to the states where it all began. It's in the federal system now because the tax system is used as a way of regulating conduct with reference to tax status, but there's an important set of issues here.

FLEISHMAN: Even as it is, you have the Congress making the basic formulations about that problem.

ELIZABETH BORIS: So another aspect of it is that under the IRS we have kind of been neglecting what happens. If you have an agency that really is charged with oversight, not that I think that the IRS is appropriate, but once you get into an agency that really looks into that ....

WOLPERT: Ideologically, I think it's important to keep the regulation of philanthropy in the IRS. This is income which is foregone to public sector use. Keeping the oversight in the IRS forces us to examine if the money is better spent in philanthropy than if collected in taxes. In a way it is the regulation of income which is foregone to government, and keeping it in the IRS forces us to continually to review the issue. Is the money better spent that way than collected in taxes?

SPEAKER: But the IRS is also the place where the decision is made on the distinction between salary and profit. I mean, in the nonprofit world, you can make $500,000 a year and still be within the realm of nonprofit, so that in some cases it may not be revenue forgone. They still have the benefits--they tax it one way or another--but it really does say something very different.

SPEAKER: They also have a lot to do with the defining the notion of profit.

CLOTFELTER: Well, I think it's time to end. I want to thank you all very much indeed for coming. Those of you who came from outside of Durham, I'm glad you leave with sunny skies and I hope all the flights are very smooth. And for those of you from Duke, you will be hearing from us, and thank you for coming as well.

FLEISHMAN: Thank you all very much.