

“Back to the Future – Part Two”

*A Kit Kat Essay
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In August 2010, forty of America’s wealthiest individuals and couples signed *“The Giving Pledge”* and committed to give more than half their wealth away during their lifetimes. Created by Bill and Melinda Gates and Warren Buffet, this was an open invitation to billionaires to publicly dedicate the majority of their wealth to philanthropy. *The Giving Pledge* aims to help change the social norms of philanthropy toward giving more, giving sooner, and giving smarter. As of 2018, there were 174 pledgers from 22 countries with a combined net worth approaching \$1 trillion.

A little more than twenty years ago there was still such a thing as a philanthropy “establishment” centered in New York, with outposts in Chicago and Boston, shaped by old line families and institutions like the Ford and Rockefeller Foundations, along with the Carnegie Corporation. There were not many big funders on the West Coast, in the Southwest, and only a few individual mega-donors were then active. All that changed

in the late 90's with the rise of West Coast philanthropy, rooted in tech wealth, and bearing such names as Hewlett, Packard, and Gates, and others not as familiar, like Mercer and Simons.

The joint net worth of just Gates and Buffet alone is greater than the assets of the top twenty-five U.S. foundations (excluding Gates' own foundation). The Gates Foundation is worth over \$150 billion. Bill and Melinda Gates have said they will give away all the money in their Foundation within 20 years of when the last one dies, and then the Gates Foundation will close its doors.

The shift in today's philanthropy comes as a result of shrinking public resources which translates into more powerful private philanthropists –they're a relatively small group of people to whom social change makers and others turn to finance new initiatives and existing services.

Today, the wealthy are using an ever wider range of levers to turn their money into influence. They have enough money to try and make change to society, and they know it. What's more, they often feel an

obligation to put that power to use. What's different now in this "*Second Gilded Age*" is that there are so many more of them than ever before.

In the popular imagination, philanthropists make their mark by giving money to cure diseases, bankroll college scholarships, build art museums, and so on. But for some donors, there is no greater prize than influencing the overall thrust of national politics and policy.

Wealthy donors have long used philanthropy to wage ideological warfare and contest the highest ground of U.S. politics. What's different now is that a far greater number of rich people are deploying more money to this end than ever before, and with greater sophistication.

Illustrative of the new class of donors are Mark Zuckerberg, co-founder of Facebook and his wife, Priscilla Chan. They established the Chan-Zuckerberg Initiative in 2015 after their first daughter was born. At the age of 31, they pledged to give away 99% of their Facebook stock in their lifetime, which was then valued at nearly \$45 billion. One of the Initiative's aspirations is to help "cure, prevent or manage all diseases by the end of the century."

There is George Soros, the hedge fund billionaire. He recently made public the transfer of some \$18 billion to his Open Society Foundation which promotes values like democracy, tolerance and inclusion around the world, which Mr. Soros, a Holocaust survivor, holds dear. This gift essentially endowed Open Society in perpetuity and made it the second largest foundation by assets in the country (behind the Gates Foundation).

Mr. Soros is a lightning rod because of his political views and contributions. The Open Society advances causes that are deeply unpopular in some circles, as it advocates for loosening drug laws, promoting gay rights, and calling attention to abuses by the police.

There is the Bloomberg philanthropies, a Foundation established by Michael Bloomberg, the former New York Mayor, the purpose of which is to “ensure better, longer lives, for the greatest number of people.” In practice this has meant spending hundreds of millions of dollars on issues including gun control and obesity prevention, drawing the ire, most vocally, of Republicans who oppose what they see as excessive regulation.

These new philanthropists are personally engaged in the work of their foundations and willing to court controversy. While the issues they address may be distinct, the broad outline of their efforts have much in common: Shaping the world in their moral image.

Conservatives have also used both foundations and political donations to achieve their goals. Perhaps best known are brothers Charles and David Koch, and their efforts supporting Republicans. But they also fund a network of philanthropy that support efforts that question climate change and encourage conservative thinking on college campuses. Koch entities have already spent more than \$2 billion on television advertising running ads attacking Tammy Baldwin, the Democratic incumbent U.S. Senator running for re-election this fall in Wisconsin.

There is the Mercer Family Foundation, run by Rebekah Mercer, a prominent supporter of President Trump, which has bankrolled conservative think tanks including The Heritage Foundation, and policy groups like the Media Research Center whose mission is “to bring balance to the news media.” Her father, Tom Mercer, himself a hedge fund billionaire, was the single biggest donor during the Presidential primaries,

giving \$13 million to Ted Cruz's Super Pac, and later supporting the Trump campaign.

How did we arrive at this point in our nation's philanthropic culture? When did we say it was "okay" for philanthropists to have so much power to advance their own vision for a better society, and receive a charitable deduction in doing so? We've come a long way since De Tocqueville opined that U.S. civil society gave voice to the everyman. There's been a big change in recent decades as to who is orchestrating public conversations as wealthy philanthropists have grown more numerous and empowered.

In considering how philanthropy shapes society, it can be tempting to go with a "great man/woman theory:" titans of business harness piles of money to big visions of progress and have a major impact. When asked whether Andrew Carnegie was the Bill Gates of his day, Carnegie biographer David Nasaw responded "I think Bill Gates would very much like to be known as the Carnegie of his day." Perhaps it was because of Carnegie's rags to riches narrative. Or, perhaps it was Carnegie's vocalization of his personal responsibility to return his wealth to the

community from which it came, and to do so while he was alive. By going “*Back to the Future*” perhaps we can begin to understand how Andrew Carnegie may have influenced today’s philanthropists and signers of *The Giving Pledge*.

Carnegie, the eldest of 2 boys of a hand-loom linen weaver, was born in Dunfermline, Scotland, and emigrated in 1848 at the age of 13 with his mother, father and brother, to Allegheny City, Pennsylvania. Carnegie worked as a bobbin boy (i.e., he filled the bobbin machines in a textile mill with thread and oil) in an Allegheny City cotton factory, and took a position as a telegraph messenger in Pittsburgh. He taught himself Morse code and landed a job as a telegraph operator and secretary to Thomas A. Scott, the Pittsburgh Superintendent of the Pennsylvania Railroad.

At age 25, he was appointed Pittsburgh District Superintendent of the Pennsylvania Railroad. He retired from the Railroad in 1865 (at the ripe age of 30) to go into the steel business with Scott, where he became the most powerful partner in the country’s then-largest and the most successful steel company, Carnegie Steel. In 1901, Carnegie sold his

interest in Carnegie Steel to J. P. Morgan, for more than \$300 million making him, according to Morgan, “the richest man in the world.”

Carnegie was as proud of his career as a published writer as he was of his success as a steelmaker. He published 7 books during his lifetime, and his autobiography was published posthumously in 1920. He authored hundreds of articles, pamphlets, speeches, and letters to the editor. Carnegie wrote in 1889, “The conditions of human life have not only been changed, but revolutionized.” Among the most striking of those changes was what he saw as the growing distance between the rich and the poor.

His most famous writings were the “*Gospel of Wealth*” essays in which he developed a case for the obligation of millionaires to give away their fortunes during their lifetimes. During that *Gilded Age of America*, his advice was taken by no one but himself.

Carnegie’s first article was simply entitled “*Wealth*” and was published in the *North American Review* in June, 1889. He declared in print his decision to give away his entire fortune as his duty.

He wrote: “The day is not far distant when the man who dies leaving behind him millions of available wealth will pass away ‘unwept,

unhonored, and unsung’ . . . Of such as these the public verdict will be:
‘The man who dies thus rich dies disgraced.’”

Carnegie followed his first article with “*The Best Fields for Philanthropy*,” published in December 1889, in which he outlined how his fellow millionaires might best give away their fortunes. In December of 1906, he published another article in the *North American Review* entitled “*The Gospel of Wealth II*.”

Carnegie was a self-professed disciple of the English philosopher Herbert Spencer, a social Darwinian and the first author to use the term “survival of the fittest.” Spencer’s evolutionary philosophy provided Carnegie with a framework for rationalizing and justifying his outsized material success. In the Spencerian universe, Rockefeller, Carnegie, and their fellow millionaires were not renegade “robber barons” but agents of the new industrial age. Spencer taught them that there was a purpose behind everything, including their extraordinary fortunes.

Carnegie believed that in the larger evolutionary scheme of human history, men like himself and John D. Rockefeller had been entrusted with these fortunes as “trustees, because they were best suited to distribute

them on behalf of the community at large.” This he wrote to be the duty of the man of wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer in the manner which in his judgment is best calculated to produce the most beneficial results for the community.

Carnegie scorned those who left their fortunes to their children. To provide children with more than a moderate income was to ruin them. “I would as soon leave to my son a curse as to leave to him the almighty dollar.” To that end, Carnegie supported a nearly 100% estate tax because he believed it provided an incentive for the rich to dispose of their fortunes during their lifetimes. In *“The Best Fields for Philanthropy”* Carnegie wrote there was no use to which money could be applied “so productive of good to boys and girls who have good within them and ability and ambition to develop it, as the founding of a public library in a community willing to support it as a municipal institution.” He provided funds for

1,689 Public Libraries and 108 Academic Libraries throughout the world, all now referred to as “Carnegie Libraries.” The cost of these “Carnegie Libraries was \$45,865,440.00.

The Main Library in Columbus is a “Carnegie Library” dedicated December 30, 1901, at a cost of \$200,000. It was renovated in 1991, and most recently, renovated (in part) in June of 2016 at a cost of \$32 million. The marble façade and exquisite portico entrance to our Main Library is the original “Carnegie Library.” Bob Loversidge and his firm, Schooley Caldwell, were the architects who helped preserve the “Carnegie Library” and also create a truly magnificent 21st century library.

The fundamental advantage of a library, according to Carnegie, was that it gives nothing for nothing. Youths must acquire knowledge themselves, because “He that cannot reason is a fool. He that will not a bigot. He that dare not a slave.”

Even so, Carnegie became more ruthless in pursuit of profits once he determined that they would be distributed during his lifetime. In his 1891 “*The Advantages of Poverty*,” Carnegie espoused “It becomes the duty of the millionaire to increase his revenues. The struggle for more is

completely freed from selfish or ambitious taint and becomes a noble pursuit. . . . The more he makes, the more the public gets.”

There was a moral imperative to cut wages and increase the hours of labor so as to enhance the profitability of his companies. While none of any of Carnegie’s contemporary millionaires give away their entire fortunes, as he had recommended, some, most notably Rockefeller, did set up charitable trusts late in life.

Carnegie was not without his critics. One was William Jewett Tucker, a liberal theologian who would later become the president of Dartmouth College. Tucker believed that the problem of the age was not the proper administration of wealth but its accumulation in the hands of the few. He wrote that in a democracy, the people – as individuals or as a community – were best suited to dispose of the surplus they had earned by the sweat of their brows. Unlike Carnegie, Tucker said: “I can conceive of no greater mistake, more disastrous in the end to religion if not the society, than that of trying to make charity do the work of justice.”

Yet, depending who you ask, today’s philanthropists (like Carnegie) are doing just that, and more. What’s changed is their intent on spending

fast to find breakthroughs or achieve disruptive change more numerous than ever before. They don't want to just support "causes." They want to solve problems -- big ones. They want their money to make a decisive difference -- now!

Philanthropy is able to finance experiments and take risks. One of philanthropy's strengths is taking a long-term view, which the political system isn't likely to do. Another is that philanthropist entrepreneurs like Bill Gates don't have to worry about getting fired, or re-elected; they can and do take big risks in pursuit of big rewards.

Philanthropists today are also more and better organized, often pursuing a policy agenda collaboratively so as to wield even more clout. There is far less public awareness of these private philanthropists who have mobilized in new and powerful ways, but this phenomenon (i.e., "dark philanthropy") reaches into so much of our lives as political and philanthropic funds often operate hand-in-hand to sway policy outcomes.

Nowhere have philanthropists been more active in attempting to influence public life than in education. And nowhere have they stirred more fears that philanthropy is becoming just another tool for the wealthy.

Even so, American's public school system has been a graveyard for ambitious philanthropists. The first challenge is scale: a \$600 billion complex enrolling 50,000,000 students in K-12, which makes it difficult for someone or something to claim to move the needle. Second is decentralization: there are over 13,000 public school districts across the United States, and a victory in one city or state doesn't necessarily translate elsewhere.

Bill and Melinda Gates have tried to raise the bar for U.S. education achievement through uniform standards, for they see education as the primary building block for equal opportunity. Their Foundation has been a driver of the Common Core States Standards. The goal (and solution) was to get all 50 states to embrace a common set of education standards along with a way to assess teacher and student performance. Their Foundation gives over half a billion dollars annually for education in this country, most of that going to improve K-12. It spends about as much money in a year as the New York City Public School System spends in a week.

In pushing Common Core, the Gates Foundation gave money to almost every education interest, lobbying group, from think tanks to the U.S. Chamber of Commerce to teachers' unions, to education groups, and by late 2010, 45 states had adopted Common Core, before the standards were even fully developed.

In effect, Bill and Melinda Gates, two private individuals, helped determine what tens of millions of American children in public schools will learn every year, and also how they will learn. Were we generally aware that their money was changing policies and practices, and do we even know whether their efforts have changed or produced any different or measurable outcomes?

Charter Schools are another area where private philanthropy has wielded enormous power over public life, also with uncertain results to date. Many Charter funders (prominent among which are Foundations named Walton) have begun to concentrate resources more strategically in a handful of key cities, to increase the number of poor kids attending Charters. Maybe Charters couldn't produce systemic change, and maybe they were hard to scale nationally, so funders tried to remake the systems

of those cities that contain the most poverty and the worst schools like Washington D.C., Newark, Philadelphia, Flint, Gary and New Orleans.

Whether you think the Gates or the Waltons are right or wrong, Common Core and Charter Schools probably have a lot to do with how you feel about what they and their Foundations have been doing. When donors hold views we dislike, we tend to see them as unfairly tilting policy debates with their money. Yet when we like their causes, we often view them heroically stepping forward to level the playing field against powerful special interests or “backward” public majorities.

Also emerging in this new world are “mission-driven philanthropists” and organizations that have created networks of wealthy donors, none more notable than DonorsTrust, a funding group started in 1999. DonorsTrust has brought together a large and diffuse array of conservative philanthropists into an organized ideological force.

Established like a foundation that houses donor-advised funds (think The Columbus Foundation), DonorsTrust enables wealthy donors to put aside tax-deductible dollars for philanthropy without the hassle of setting up or administering a foundation, and joins together small donors who

want to have a larger, collective impact, but can't do it alone. DonorsTrust describes itself as “the first donor-advised fund established to safeguard the charitable intent of donors committed to the principles of limited government, personal responsibility, and free enterprise.”

Since 1999, DonorsTrust has made grants over \$900 million to over 1,600 charities. Its website “pitch” is that you can reduce your taxes, advance your principles, protect your intent, and define your legacy.

While *The Giving Pledge* was primarily about making new resources available for social good, another was to promote Carnegie's vision that great wealth should be recycled and **deployed now** to create opportunity, and not used to entrench dynastic power in the United States. Reminiscent of Carnegie, Warren Buffet told *Fortune* magazine in 1986 that the ideal amount of inheritance to leave your kids was “enough money so that they would feel they could do anything, but not so much that they could do nothing.”

But in contrast to inherited wealth, which typically shrinks over time, philanthropic wealth that is locked in a Foundation with conservative payout rates tends to grow, along with the influence heirs

can have. Buffett believes that philanthropy is today's "risk capital," which reflects one of the oldest strains, the wealthy as benefactors to the creative class, a tradition that long predates government support for the arts and sciences.

As further government budget cuts kick in over the coming years and large donors step up their giving, the shift toward private financing for scientific exploration (think Elon Musk), cultural expression, and advanced learning is likely to accelerate. The White House's proposed Budget for FY 2019 eliminates, for example, the Institute of Museum and Library Services and slashes the Corporation for Public Broadcasting's budget to \$15 million from \$445 million, and the President wants funding for the National Endowment for the Humanities reduced by almost 80%. Tom Katzenmeyer and Tom Rieland, as well as Pat Losinski, could speak to what this means for the future of their organizations.

Philanthropy today, according to Author David Callahan, mirrors the larger population in that "the wealthy have become more polarized, along with the rest of America." There are more liberal, progressive wealthy people than ever before. Meanwhile, there are lots of

conservative rich people. There is this escalating arms race among mega-donors.” For the most part, previous generations of billionaires only got serious about giving away their fortunes late in life. Today though, there is so much money to dispose of that it is a dilemma faced by the ultra-wealthy, mega-philanthropists.

Last June, Jeff Bezos, the Founder of Amazon.com, he of a net worth of \$84 billion or so, supplanted Bill Gates as the richest person in the world, and asked the public for some advice. He tweeted a “request for ideas” for his philanthropy strategy: “I’m thinking I want much of my philanthropic activity **to be helping people in the here and now – short term – at the intersection of urgent need and lasting impact.**” He asked that “If you have ideas, just reply to this tweet.” He received more than 48,000 replies, but has yet to announce what he’ll do with his billions.

I came across an article entitled: *Jeff Bezos Should Put His Billions into Libraries.*” Authored by Susan Crawford, a Professor at Harvard Law School, she replied to Bezos’ tweet: “How would you like to become the Andrew Carnegie of our time? Yes, I’m talking about libraries. Those places where books sit on shelves, not delivered by FedEx. And so much

more. Carnegie made them the center of his philanthropy, and almost became synonymous with them. More importantly, he changed countless lives with his investments in libraries.”

Today, libraries serve as essential civic spaces. Trusted by every part of American society, they're the only noncommercial place where people meet across genders, ages and socio-economic chasms. These buildings borne of iconic architecture are being repurposed: Today they offer classes in computer skills and provide internet access to millions of Americans who otherwise would not have it, and host innumerable neighborhood meetings.

Libraries provide meals to kids in the summer, work with local immigrants, offer homework help, prepare children for kindergarten, create reading buddies and loan out an amazing array of things. In 2013, 94 percent of Americans said that having a public library improves the quality of life in a community. And as America gets older and more unequal, libraries remain the place you can find every public value our country says it cares about.

America's more than 120,000 libraries are visited more than 1.4 billion times a year by hundreds of millions of Americans and from every walk of life. But libraries are largely under-resourced and underfunded. Limited hours. Limited staff. Low pay. Constant need for renovation. Overcrowding.

Libraries are attempting to serve people in today's era of thin government support, increasing need, and staggering inequality—much like the era that gave us Andrew Carnegie. His response to the problems of his time was to build thousands of public libraries across the country, most of which are still functioning. Carnegie aimed high, wanting to make the world better than he found it. And he succeeded.

Carnegie's money was given on the condition that local public authorities and communities step up with pledges to support and maintain the institutions that he launched. For Carnegie, this structure fit with the idea that communities were being helped to help themselves—a cornerstone of his personal philanthropy.

We can go "*Back to the Future*" to embrace Carnegie's vision of libraries as the citadels of civilization and economic ladders for those

otherwise stuck on the bottom rungs. Carnegie recognized that “A library outranks any other one thing a community can do to benefit its people. It is a never failing spring in the desert. As the twig is bent, the tree’s inclined.” This is as true today as it was more than 120 years

The Carnegie clarion call may yet be answered, perhaps by Jeff Bezos. Or, maybe by mission-driven philanthropists or by a network of donors who could step in and fulfill the “Carnegie Gospel.” Or maybe each community will more fully embrace the enormous, positive impacts libraries create for all citizens, and allocate the resources necessary to honor and achieve the words “**Open to All**” that are inscribed above the entrance to our Main Library. And you don’t have to be named Gates, Buffet, Koch, Mercer, or even Carnegie, or be a signatory to *The Giving Pledge* to know the truth of the phrase inscribed on the front of our Library: “**My Treasures Lie Within.**”