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School of Public Affairs
Bernard M. Baruch College, City University of New York

PAF ____: Giving and Getting: Introduction to Philanthropy

Spring 2010
Meeting time:
Course Location:

Instructor: Peter Dobkin Hall
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Brief Description

This course considers the system of private giving that supports the nonprofit sector, examining reasons for giving, how giving is done, institutions through donations are administered, and fundraising methods and mechanisms. Using scholarship, media, and case studies, students will become familiar with the significance of philanthropy in the nonprofit sector, philanthropic motives, legal, tax, and regulatory treatment donors and recipient institutions, major areas of philanthropy (including family giving, foundations, federated fundraisers, corporate contributions, religious giving and giving related to identity and ethnicity, global giving and grantmaking, and politics and advocacy). The course concludes with an exploration of two major areas of controversy in philanthropy, donor intent and political activity.

Extended Description

Although donations comprise only 12% of the revenues of nonprofit organizations in the U.S., they are vitally important to their support, particularly in such industries as advocacy, arts and culture, higher education, religion, and social services. Gifts, bequests, and grants from individuals, families, corporations, and foundations are not only important sources of current revenues for nonprofits, they also comprise the capital necessary for growth and change in the sector.

While philanthropy often supports charitable, educational, and religious activities, it also often seeks to bring about social and political change. Because it enables the wealthy and special interest groups to advance their change agendas, government uses law, regulation, and public policy seek to balance the public interest against the property and civil rights of donors.

Using scholarship, media, and case studies, students will become familiar with the significance of philanthropy in the nonprofit sector, philanthropic motives, legal, tax, and regulatory treatment donors and recipient institutions, major areas of philanthropy (including family giving, foundations, federated fundraisers, corporate contributions, religious giving and giving related to identity and ethnicity, global giving and grantmaking, and politics and advocacy). The course concludes with an exploration of two major areas of controversy in philanthropy, donor intent and political activity.

This course does not aim to teach students how to be effective fundraisers or philanthropic administrators. Rather, it offers a broad overview of the motives, methods, and institutions of philanthropic getting and giving and the roles and functions of philanthropy in civil society, in the U.S. and the world. As such, it serves as a good introduction for students interested in careers in the nonprofit careers and as thoughtful donors and donees.

You will be expected to prepare 3 short papers, to make oral presentations, and to submit a final paper based on original research.The short papers will be based on questions requiring you to describe and discuss the major *issues raised by the readings in each of the four main sections of the course. The final paper will be a case study of an organization or group of organizations using perspectives drawn from course readings. The basis for paper grades will be the effectiveness with which you have used course readings are used to frame issues and provide examples in furthering your argument. Each class will feature a case presentation and discussion. Working with other students as teams, you will be expected to make at least two case presentations in the course of the term. Case presenters will make their Powerpoint slides available to the class and the instructor. Each short paper and oral presentation will comprise 10% of your grade. Class participation will count for an additional 20%. The final paper will count for 30%.*

Learning Goals:

By the conclusion of this course, student will be able to:

- *understand the role of philanthropy in the nonprofit sector (class one)*
- *grasp with the range of motives that lead donors to give and volunteer for charitable purposes (classes 2-4)*
- *discern the relative importance of values (expressive motives) and self-interest (instrumental motives) in shaping charitable giving and volunteering;*
- *describe the legal requirements and policy considerations determining eligibility for tax-exemption and deductibility of donations and bequests under state and federal law (classes 5-6)*
- *comprehend the regulatory policies and regimes under which determine the tax treatment different kinds of charitable organizations (classes 5-6)*
- *set forth the major vehicles for philanthropic giving (family, foundation, federated, corporate) and the major types of recipients of philanthropic giving (religion, affinity, ethnicity, politics/advocacy) (classes 7-12)*
- *assess the increasingly global character of contemporary philanthropy, particularly with regard to the growth of philanthropy in the developing world and among diaspora populations (class 13)*
- *appreciate the major issues of political, legal and policy debate in contemporary philanthropy, including questions of donor intent and political activity (classes 14-15)*

Readings: All assigned readings on this syllabus are available for download through the course pages on Blackboard unless otherwise noted. Hard copies will all be available in the Baruch Library.

SYLLABUS

Week One What is Philanthropy? An Overview

Giving and receiving, asking and getting embrace a wide variety of values, practices, and social, economic, political, personal and institutional relationships that we often group under the term "philanthropy." The rich complexity of philanthropy invites us to explore the many meanings of the term.

Video: Minnesota Council on Foundations, "Philanthropy Is. . . ."

KSG Case No. 1443.0. "Philanthropy Industry Note Part (A): Landscape of Philanthropy in the U.S." (Blackboard)

"Through the Roof! Trends in Philanthropy for 2008"
<http://nonprofit.about.com/od/trendsissuesstatistics/a/giving2008.htm>

Peter Singer. 2006. "What Should a Billionaire Give -- And What Should You? *New York Times Magazine* (December 17).

I. Basic Concepts

Week Two "Expressive" Philanthropy

For some people, giving and receiving is a transaction whose primary purpose is intrinsic: rewarding for its own sake, undertaken without expectation of reward, and inspired to fulfill ethical, spiritual, or religious obligations. Evidence suggests that values and beliefs have profoundly powerful effects on the amounts given, the objects supported, and on the institutional landscape.

Case for discussion:

Ian Parker. 2004. "The Gift" *New Yorker* (August 2), 54-63.

Questions for case discussion:

1. What is meant by the term "expressive" as applied to philanthropy?

2. What values motivate Kravinsky's giving?

3. What aspects of Kavinisky's motives enable us to describe his donation as an "expressive" rather than an "instrumental" act?

4. What is the difference between "directed" and "non-directed" organ donations? Which, is your view, is the more genuinely charitable action?

Readings:

Peter Frumkin. "Values and Faith." In Frumkin, On Being Nonprofit: A Conceptual and Policy Primer. (Harvard University Press, 2002), 96-128.

Peter Dobkin Hall. "Religion, Philanthropy, Service, and Civic Engagement in Twentieth Century America." In Arthur C. Brooks (ed.)., *Gifts of Times and Money: The Role of Charity in America's Communities* (Rowman & Littlefield, 2005), 159-184.

Questions for class discussion:

1. What do the data suggest about the power of religious values to shape charitable giving? To what extent, if any, do tax incentives affect the level of giving and volunteering by faith communities?

2. Who are the primary beneficiaries of reliigious philanthropy -- faith communities or the general public?

3. Offer some other examples of expressive philanthropy.

Week Three "Instrumental" Philanthropy

Since the late nineteenth century, philanthropy has become more purposive and goal-directed. Rather than seeking to relieve suffering, it has often aimed to eliminate its causes by changing social and economic conditions, by creating incentives and opportunities for populations in need, or by redistributing wealth and opportunity. In the twentieth century, governments have used tax incentives to enable individuals, their estates, and business corporations to reduce their tax liabilities through charitable giving. This kind of calculated giving is instrumental rather than expressive in character.

Case for Discussion:

Dwight Macdonald. "Ancient History." In Macdonald, *The Ford Foundation: The Men and the Millions* (Transaction Press, 1989), 130-154.

Questions for case discussion:

1. What were the Fords' motives in establishing the Ford Foundation? To what extent did concerns about tax liability shape the family's philanthropic decisions?

2. How did the establishment of the foundation affect the family's tax liabilities and control of the Ford Motor Company?

3. What purposes did the Fords envision for the foundation? How were the purposes of the foundation ultimately determined?

4. In your view, who gained more from the establishment of the Ford Foundation? The Ford Family? The public?

Readings:

Andrew Carnegie. "Wealth" (1889). Available on-line <http://ksghome.harvard.edu/~phall/05. Wealth.pdf>

Charles T. Clotfelter. "Federal Tax Policy and Charitable Giving." In Richard Magat (ed.), *Philanthropic Giving: Studies in Varieties and Goals* (Yale, 1989), 105-127.

Jerald Schiff. "Tax Policy, Charitable Giving, and the Nonprofit Sector: What do We Really Know?" In Richard Magat (ed.), *Philanthropic Giving: Studies in Varieties and Goals* (Yale, 1989), 127-142.

Questions for class discussion:

1. Summarize Carnegie's critique of traditional charity.

2. What social and economic rationales does Carnegie offer for his proposals for a new kind of philanthropy?

3. What social, economic, and political benefits does Carnegie see accruing from his philanthropy?

4. What evidence do proponents of tax incentives offer to support the notion that they stimulate charitable giving? Is it persuasive? In what ways might such incentives actually reduce the level of individual and corporate giving?

Week Four <u>The Role of the State: Charitable Vehicles</u>

Because philanthropy is an important mechanism for expressing First Amendment rights, charities law does not generally address substantive issues of philanthropic purpose. The primary focus of charities law is fiduciary: ensuring the faithful performance of duties and obligations in the management of charitable assets. When charitable purposes become illegal or impossible to fulfill, the law provides remedies that endeavor to be faithful to donor intent while also serving the public interest.

Case for discussion: Bob Jones University v. United States. 461 U.S. 574 (1983)

Questions for case discussion:

1. What are the facts in the Bob Jones case?

2. According to the ruling in this case, what are the criteria for charitable tax-exempt status under federal law?

3. To what extent does federal law mandate the substantive aspects of charity?

4. Summarize Justice Powell's views of the reasons for charitable tax exemption. How do they differ from the court's majority opinion?

Reading:

Evelyn Brody 2006. "The Legal Framework for Nonprofit Organizations," in W.W. Powell and R. Steinberg (eds.), *The Nonprofit Sector: A Research Handbook, Second Edition* (Yale University Press, 2006), 243-266.

Questions for class discussion:

1. Why does U.S. charities law generally avoid specific definitions of charitable purpose? What does this have to do with the importance of expressive rights in the U.S. Constitution?

2. Are there inherent tensions between policies that endeavor to ensure that philanthropy is consistent with public policy and those intended to support pluralism and diversity? Give some examples of this tension.

Week Five <u>The Role of the State: Tax & Regulatory Regimes</u>

Tax policy is the primary mechanism for overseeing and regulating philanthropy. It provides incentives (exemption and deductibility) to stimulate charitable giving. It establishes a regulatory regime intended to ensure accountability and to prevent personal inurement, conflicts of interest, and self-dealing, and other impermissible transactions and relationships. Federal and state tax and regulatory regimes differ: state and local laws are primarily concerned with property and sales taxation and consumer protection; federal laws are primarily concerned with fiduciary issues.

Case for class discussion: Google_Philanthropy articles

Questions for case discussion:

1. what goals does Google have for its philanthropies? What does it intend to support? How (grants, investments, operating programs)?

2. how does it intend to support its philanthropic programs? Will they be endowed? Sustained by profits or gifts of stock?

3. what organizational vehicles does it intend to use to implement its philanthropic programs? grant making foundations? operating foundations? trusts? business corporations?

4. from a tax and regulatory standpoint, what advantages/disadvantages accrue to each of these forms?

Reading:

John G. Simon. “The Tax Treatment of Nonprofit Organizations,” in W.W. Powell, (ed.). *The Nonprofit Sector: A Research Handbook* (Yale University Press), 67-98

Questions for class discussion:

1. In what ways might governmental classification and regulatory schemes distort the activities of associational or charitable entities that existed before their enactment?

2. Governmental tax authorities regard tax exemption as a subsidy. Is this a reasonable assumption? If so, why. If not, why not?

3. How does the subsidy rationale for tax exemption affect governments' regulatory authority over nonprofits? In what ways might a non-subsidy rational affect those claims?

4. What are some of the trade-offs between privileges and constraints under the federal tax regime?

5. Consider the ways in which the federal regulatory regime can be considered a tool of economic or political management.

II. Philanthropic Fields

Week Six Family Giving

Many families -- both wealthy and of more moderate means -- regarding giving as a shared obligation. The very rich have family foundations and family offices through which members deliberate their philanthropic priorities and leverage one another's giving for shared purposes. Families of more moderate means may frame annual philanthropic budgets through which members pool and target their giving.

Case: KSG Case 1551.0. "Family Foundation Governance at the J.M. Kaplan Fund."

Questions for case discussion:

1. Are family foundations vehicles for something more than just charitable giving?

2. What were Kaplan's purposes and priorities? How and why did they change over time?

3. What was the problem with the Kaplan Fund? What was the cause of its dysfunction?

3. How would you fix the Kaplan Fund? Does it really need fixing?

Reading;

Peter Dobkin Hall & George E. Marcus. "'Why Should Men Leave Great Fortunes to Their Children?' -- Class, Dynasty, and Inheritance in America." In Robert K. Miller and Stephen J. Williams (eds)., *Wealth and Inheritance in America* (Plenum, 1998), 139-171.

Questions for class discussion:

1. In what ways can philanthropic giving serve to perpetuate family fortunes? What family purposes were served by the Boston elite's giving to institutions like Harvard and the Massachusetts General Hospital?

2. Are the anti-dynastic attitudes of contemporary wealth holders examples of commitment to democratic and egalitarian beliefs -- or an abandonment of responsibility? If you came into possession of a multi-billion dollar fortune, how would you dispose of it? What would provide the greatest public benefit: creating a foundation or giving it to the government?

Week Seven (10/14) Grantmaking Foundations

Originally established early in the twentieth century as mechanisms enabling the very rich to redistribute their wealth voluntarily, since the 1930s the creation of foundations has been increasingly driven by considerations of estate planning and tax avoidance. Of all forms of philanthropy, foundations have been the subject of particular public suspicion and hostility: their wealth, their power, and their open-ended purposes have led their critics to charge that they serve as instrumentalities for controlling the economy, for propagating subversive ideas, and for granting great power to unaccountable elites. While Congress has responded to these criticisms by increasing the regulatory burdens borne by foundations, organized philanthropy itself has responded by attempting to make foundations more professional, transparent, and accountable in its management, governance, and decision making.

KSG Case CR15-98-1446. "Philanthropy Industry Note Part (C). "Philanthropy by Foundations."

David C. Hammack. "Foundations in the American Polity, 1900-1950." In Ellen Lagemann (ed.), *Philanthropic Foundations: New Scholarship, New Possibilities* (Indiana University Press, 1999), 43-68.

Peter Frumkin, "Private Foundations as Public Institutions: Regulation, Professionalization, and the Redefinition of Organized Philanthropy." ." In Ellen Lagemann (ed.), *Philanthropic Foundations: New Scholarship, New Possibilities* (Indiana University Press, 1999), 69-100..

Study Questions:

1. What is the significance of foundation giving relative to giving by individuals and corporations?

2. Have foundations exerted disproportionate influence in American pubic life? If you agree, give some examples?

3. Peter Frumkin suggests that foundations have evolved from being private institutions, beholden to with agendas of founders and their families, to being public institutions. What are the elements of this increasingly public character? To what extent has it been the result of compulsion? To what extent has it been the product of choices made by trustees and managers?

What are the elements of professionalization in the context of foundation philanthropy? In the context of the universe of foundations, how extensive is the influence of professionalizaiton?

Week Eight Federated Fundraising

United Way is one of the most important and ubiquitous philanthropic institutions in the United States. As a federated fundraiser, it seeks to raise money for a variety of core community nonprofit agencies. It has unusual power, not only because of the size of the grants it makes, but also because of its ability to decide which community agencies are worthy of its support. United Way is predicated on the idea that civic leaders can define community needs and what agencies are best able to serve them. This idea has become increasingly contested over the past half century.

Case: "United Way of Massachusetts Bay." Harvard Business School Case 9-599-042 (2001).

Questions for case discussion:

1. What are the threats to which United Way of Massachusetts Bay is trying to address?

2. What factors influence individual and corporate giving? How have these changed?

3. What is the structure of United Way? What is the relationship between local chapters and the national organization?

4. Describe United Way's relationship to the business community. Is it a source of strength or weakness? How has this changed over time?

5. Describe United Way's allocation process. How are allocation decisions made? By whom? Who is not included in the process?

6. How has United Way responded to its changing environment. Describe both specific responses and the strategic thinking underlying them.

7. How did the Aramony scandal affect United Way's mission, modes of governance, and relations to donors, donees, and other stakeholders?

Readings:

Emily Barman. *Contesting Communities: The Transformation of Workplace Charity* (Stanford University Press, 2008), 1-14, 18-40, 41-59.

Questions for class discussion:

1. What does Barman mean by the terms "community of place" and "community of purpose"?

2. How have these differing conceptions of community affected charitable giving and philanthropic organizations?

3. What forces are driving the shift from community of place/United Way model of philanthropy to community of purpose/alternative fund model?

Week Nine Corporate Contributions Programs and Company Foundations

Prohibited by law in most jurisdictions until the 1950s, giving by business corporations has become an increasingly important aspect of American -- and global -- philanthropy. Originally restricted to contributions to institutions and initiatives directly related to a company's charter purposes (such as grants to support the development of particular technologies or management training), companies can now contribute to any legitimate charitable purpose. Some, like Milton Friedman, have argued that corporate managers have no right to give away money that belongs to their stockholders. Other critics argue that broad managerial discretion in giving constitutes an inappropriate and unwarranted executive "perk." Supporters of corporate contributions programs, on the other hand, see them as vitally important mechanisms for managing firms' political and social environments, for supporting research and development, and for expanding markets, and for developing a skilled workforce.

KSG Case CR15-98-1446.0. "Philanthropy Industry Note Part (D): Corporate Philanthropy."

"Google, Inc." Harvard Business School Case 9-806-105 (2006).

Katie Hafner. "Philanthropy Google's Way: Not the Usual. *New York Times* (9-14-06).

Questions for case discussion:

1. What is the significance of corporate contributions in context of American philanthropy? Is it becoming more or less important?

2. Describe Google's philanthropic strategy? In what ways does it differ from conventional corporation contributions programs?

3. What are the primary motives driving Google's giving program? Tax avoidance? Corporate mission? Marketing and public relations objectives?

4. Why would Google consider setting up a giving arm that was not classified as a tax-exempt charity?

Reading:

Jerome L. Himmelstein. *Looking Good & Doing Good: Corporate Philanthropy and Corporate Power.* (Indiana University, 1997), 14-55.

Questions for class discussion:

1. What is the function of corporate foundations? Should their primary aim be to enhance a company's image, improve its community relations, and support the development of human and technological resources from which it can benefit? Or should it seek to pursue more altruistic philanthropic agendas?

2. In what respect can it be said that corporations that match employee donations (as opposed to giving through a foundation) are responsive to the comments of critics like Friedman? Are such matches a more or less democratic way of distributing corporate largesse.

3. Why should stockholders have a voice in shaping corporations' philanthropic commitments? Why shouldn't they?

Week Ten <u>Religious Philanthropy</u>

Giving to religious bodies and faith-based organizations constitutes the largest single object of charitable giving. Religious groups differ significantly in how they raise money and how money is allocated among congregational and charitable activities (ministries/services). While some faith communities provide services through congregations and other religious bodies, others create secular corporations to carry out these activities. The question of whether religious giving is a "user fee," as Paul Schervish suggests, or a genuinely philanthropic gesture depends on the beliefs and practices of particular denominations.

Case: Peter Dobkin Hall. "Spiritualizing Governance: A Case Study of an Urban Parish in Transition" (2003)

Questions for case discussion:

1. Summarize the facts of this case.

2. How did the religious beliefs and traditions of this congregation shape its values and behavior about financial management?

3. In what ways were these values sources of strength -- or of weakness -- for the Vestry.

4. Evaluate the Father Roy's use of religious language and ritual in guiding the vestry's decisions. Did his doing do help or hinder the vestry in engaging the challenges faced by the congregation?

Readings:

Thomas H. Jeavons. 2000. "Creating Resources for God's Work." In Jeavons & Rebeckah Burch Bassinger. *Growing Givers' Hearts: Treating Fundraising as a Ministry.* San Francisco: Jossey-Bass, pp. 71-86.

Dean R. Hoge, et al. "An Overview of Church Giving ." In Dean R. Hoge, et al., *Money Matters: Personal Giving in American Churches* (Westminster John Knox, 1996), 11-27.

Mary J. Oates. "Social Class and Ways of Giving" and "Recent Trends in Catholic Giving." In Oates, *The Catholic Philanthropic Tradition in America* (Indian University, 1995), 119-141, 165-176.

Gary A. Tobin. "The Transition of Communal Values and Behavior in Jewish Philanthropy." (Institute for Jewish & Community Research, 2001).

Robert D. McChesney. "Charity and Philanthropy in Islam." <http://learningtogive.org/faithgroups/phil_in_america/philanthropy_islam.asp>

Study Questions:

1. Describe the differences in levels of giving by America's major religious groups.

2. What are the most powerful factors shaping religious giving? Tax considerations? Individual values? Shared values and beliefs? Religious practices?

3. Which groups are more likely to focus their giving on their own religious communities? Which groups are more likely to target their giving beyond their own religious communities? How is this shaped by religious beliefs and practices?

4. Describe the role of secular corporations as vehicles of religious charity. What are some examples?

5. Describe the role of religious corporations as vehicles of religious charity. What are some examples?

Week Eleven Philanthropy within “Identity” Groups (race, ethnicity, religion)

Scholars of philanthropy and nonprofits have generally used conventional instrumental measures of giving and volunteering to formal organizations to assess philanthropy. This has resulted in a highly selective understanding of the charitable diversity and capacity of America's communities.

Case: "Hestia Fund." Kennedy School of Government case CR16-03-1691.0 (2003)

Questions for Case Discussion:

1. What is a "giving circle"? How does it differ from more conventional philanthropic vehicles like charitable trusts and foundations? What are its objectives beyond the distribution of funds?

2. In what way did the giving circle as a form of organization express the feminist values of its organizers? What are the organizational characteristics of the Hestia Fund?

3. What was more important to the Hestia Fund's principals? Assisting needy organizations or building community among philanthropic women?

4. What challenges of sustainability did Hestia face? How did it engage them?

Readings:

Bradford Smith, Sylvia Shue, et al. Philanthropy in Communities of Color (Indiana University, 1999), 1-12, 28-29, 49, 69, 88-89, 105-106, 121-122, 135-136, 146-155.

Jessica Chao, “Asian-American Philanthropy: Expanding Circles of Participation.” In *Cultures of Caring: Philanthropy in Diverse American Communities* (Washington, DC: Council of Foundations, 1999), .

“Creating Communities: Giving and Volunteering by Gay, Lesbian, Bisexual, and Transgender People.” Working Group on Funding Lesbian & Gay Issues, and the Institute for Gay & Lesbian Strategic Studies, February 1998, pp. 1-28.

Tobin, Gary A. “The Transition of Communal Values and Behavior in Jewish Philanthropy.” Institute for Jewish and Community Research, San Francisco. January 2001, pp. 1-39

Study Questions:

1. In what ways does an expressive orientation help us to understand philanthropy within "identity groups" better than an instrumental orientation?

2. Are the building of shared identity, values, and community -- the components of social capital -- legitimate charitable outcomes?

How can understanding the variety and diversity of philanthropy in "identity" groups in the U.S. help us to engage and understand indigenous traditions of giving and volunteering in developing countries?

Week Twelve Global and Transnational Philanthropy

The United States has been both the beneficiary (in the colonial period) and promoter of international philanthropy. In the nineteenth century, Protestant missionaries fanned out to Asia, Africa, and Latin America to preach the gospel and provide educational and social services. In the twentieth century, northern-based foundations -- especially American ones -- have played pioneering roles in promoting economic development, political reform, disaster relief and, more recently, human rights and environmental issues. Critics argue that northern-based philanthropy has tended to reflect the agendas of developed nations and multi-national business, to the detriment of the sovereignty of less developed nations and their indigenous philanthropic traditions.

The globalization of education and labor markets has stimulated the growth of migrant populations which maintain significant and on-going ties to their native lands. Rather than being based on American and European philanthropic models, transnational and diaspora philanthropy is far more multi-centered in its purposes and practices than traditional international philanthropy.

Cases: Muhammad Yunus and the Grameen Bank." Kennedy School of Government case C16-06-1830.0 (2007)

Questions for Grameen Bank Case Discussion:

1. What is micro-lending? How does it differ from conventional forms of development assistance?

2. How did Grameen's clients/beneficiaries differ from conventional recipients of development assistance?

3. Why did Muhammad Yunus decide to "institutionalize" what had been a personal initiative. What did he mean by institutionalization?

4. Why did Yunus decide to partner with a bank? What made his arguments for partnership persuasive to the bank?

5, What were Grameen's relations with government? Why was partnership with government important to the success of the bank?

6. How was the Grameen Bank governed? Who owned it? Who made decisions? Was the governance process consistent with Yunus's professed ideals?

7. Although formally a for-profit organization, what were the philanthropic aspects of the Grameen Bank. What makes a social enterprise different from a conventional for-profit enterprise?

8. Why did Yunus resist accepting loans and grants from abroad?

9. How did Grameen II differ from Grameen I? Why did Yunus reorganize the bank?

10. The professed goal of Yunus and other Third World leaders of civil society is "sustainable

development." How and in what ways can Grameen be considered as an example -- and agent -- of sustainable development.

11, Like many philanthropies, the motives driving the Grameen Bank have both expressive and instrumental aspects. Describe and discuss how these shaped the bank and its activities.

Readings:

Joan Roelofs. "International Activities." In Roelofs, *Foundations and Public Policy: The Mask of Pluralism* (State University of New York Press, 2003), 157-196.

Mark Lindenberg & J. Patrick Dobel. "The Challenges of Globalization for Northern International Relief and Development NGOs." *Nonprofit & Voluntary Sector Quarterly* 28:4 (1999), 4-24.

Devesh Kapur, Ajay S. Mehta, & R. Moon Dutt. "Indian Diaspora Philanthropy." In Peter F. Geithner, Paul D. Johnson, & Lincoln Chen. *Diaspora Philanthropy and Equitable Development in China and India* (Global Equity Initiative, Asia Center, Harvard, 2005), 177-213.

Study Questions

1. What are the relations between international foundation initiatives and U.S. government policies and the agencies entrusted with implementing them.? Are these positive examples of "leverage" or, as critics suggest, examples of philanthropy being used as a instrument of government policy?
2. How have northern-based philanthropies and NGOs responded to criticism of their paternalism? What changes in structure and process serve to address this criticism?
3. What is impact of diaspora philanthropy on diaspora populations and on their countries of origin?
4. What are the mechanisms of diaspora philanthropy
5. To what extent does diaspora philanthropy resemble traditional northern-based international philanthropy? In what ways is it different?

III. Challenges and Opportunities

Week Thirteen (12/2) Political Philanthropy

Foundations and other nonprofit organizations have become increasingly important to the political process. Not only do partisans of all persuasions use nonprofits to formulate and propagate policies, "pet" philanthropies are being used as ways of funneling funds from political contributors to candidates and their campaigns.

Case: John J. Miller. *A Gift of Freedom: How the John M. Olin Foundation Changed America* (Encounter Books, 2006), 1-9, 185-207.

Questions for class discussion:

1. Is all philanthropy ultimately political? Is there any difference between the contemporary incorporation of foundations into political fundraising and the historic use of philanthropy to advocate for particular social and economic policies?
2. Are there significant differences in goals, values, or methods between "progressive" and "conservative" philanthropy?
3. Are regulatory restrictions on nonprofit advocacy and lobbying consistent with the First Amendment? Should government restrict political activity by nonprofits? If so, why? If not, why not?

Readings:

James A. Smith. "Foundations and Public Policy Making." (University of Southern California, 2002).

“Axis of Ideology.” Report from NCRP.

Shuman, Michael H., “Why do progressive foundations give too little to too many?” The Nation, January 12/19, 1998.

Jack Siegel. (2006). "The Wild, the Innocent, and the K Street Shuffle: The Tax System's Role in Policing Interactions between Charities and Politicians." *Exempt Organization Tax Review* 54: 2 (November). **<http://charitygovernance.blogs.com/charity_governance/files/jbs_november_2006_politicians_and_nonprofitssiegel.pdf>**

Study Questions

4. Is all philanthropy ultimately political? Is there any difference between the contemporary incorporation of foundations into political fundraising and the historic use of philanthropy to advocate for particular social and economic policies?

5. Are there significant differences in goals, values, or methods between "progressive" and "conservative" philanthropy?

6. Are regulatory restrictions on nonprofit advocacy and lobbying consistent with the First Amendment? Should government restrict political activity by nonprofits? If so, why? If not, why not?

Week Fourteen <u>Donor Intent, the Public Interest, and the Future of Philanthropy</u>

Traditionally, the law has deferred to the wishes of philanthropic donors -- even providing legal mechanisms to replace original intentions with similar ones when a trust becomes illegal or impossible to perform. Recently, some jurisdictions have abandoned efforts to respect donor intent, permitting managers broad discretion in reallocating funds once bound by donor instructions.

Marion Fremont-Smith. "Holding the Tension: History and Policy." Paper presented to the Conference on "Grasping the Nettle: Respecting Donor Intent and Avoiding the Dead Hand." National Center on Philanthropy and the Law. (October 2005).

John G. Simon. (1987). “American Philanthropy and the Buck Trust,” *University of San Francisco Law Review* 21, 641.

The Barnes Foundation (class handout)

Study Questions:

1. What is the "Dead Hand"? Why and how have law and public policy attempt to constrain it?

2. What are the inherent tensions between donor intent and the public interest? How do the Buck Trust and Barnes Foundation cases illustrate these tensions?

3. Who should determine the public interest? Donors? The courts? Philanthropic managers and trustees?

4. How can nonprofit organizations avoid undue restrictions imposed by donors' conditions on gifts and bequests?

Paper Topics

Short Paper #1:

Write a 2-5 page essay in which you define philanthropy and discuss the distinctions between expressive and instrumental giving. Be sure to use examples from our readings.

Short Paper #2:

Write a 4-8 page essay addressing one the following questions. Illustrate your arguments using the readings. Feel free to draw on other sources.

Topic One:

- *To what extent and in what ways does government regulate the substantive character of philanthropy?*
- *In doing so, does it bias philanthropy towards instrumental rather than expressive ends? If so, how? Give examples.*
- *Can it be argued that regulating the formal/fiduciary aspects of philanthropy affects its substance? If so how? Give examples.*

Topic Two:

- *Describe and discuss the tension between the Constitution's guarantee of individual rights of expression and property rights and its guarantees of legal and political equality.*
- *In what ways do laws, regulations, and tax policies seek to strike a balance between individual rights and the public interest.*

Short Paper #3:

Write a 4-8 page essay addressing this question: of the types of philanthropy reviewed in this unit of the course, which types in your view best embody and advance the values and practices of democratic society? (Be sure to begin by defining what you consider to be core democratic values and practices!).

Final Paper

Write a 10-20 page paper on a particular nonprofit organization, focusing on the significance of philanthropy in supporting its activities.

Discuss the overall revenue mix, as well as the relative significance of different kinds kinds of philanthropic support -- individual donations and bequests, endowment income, foundation grants, corporate contributions -- in its revenue base. Examine the roles of boards and managers in shaping the organization's dependence on philanthropic revenues, as well as the ways in which philanthropic support is achieved.

The paper may be constructed as a narrative or analytical exercise -- or as a case.

Please be sure to discuss your proposed topic with me in advance of writing the paper.