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It was the World Economic Forum in 2019. Many of the world’s wealthiest and most powerful people had gathered in the Swiss town of Davos to take the pulse of the global economy and geopolitics. Among them was Michael Dell, founder and CEO of Dell Technologies.

Michael Dell is one of the four hundred richest individuals in the United States today. While wages for most Americans have remained stagnant, this group has tripled its share of the nation’s wealth since the 1980s. Its members now control more wealth than the 150 million Americans in the bottom 60 percent of the wealth distribution combined.¹ Yet when asked about a proposal that would help rectify this injustice—raising the upper tax bracket in the United States to 70 percent—Dell responded, “I feel much more comfortable with our ability as a private foundation to allocate those funds than I do giving them to the government.”²

Two days later, on a panel about inequality, Dutch historian and journalist Rutger Bregman veered off script: “I hear people talking the language of participation and justice and equality and transparency, but almost no one raises the real issue of tax avoidance—of the rich just not paying their fair share. We can talk for a very long time about all these stupid philanthropy schemes, but come on, we’ve got to be talking about taxes!”³ The video of Bregman’s remarks went viral.

Skepticism of Philanthropy and the Democracy Crisis

“All these stupid philanthropy schemes.” Bregman’s remarks came at a moment of increased public scrutiny and skepticism of the role of philanthropy in democracy. In Winners Take All, the most vociferous of the critics, Anand Giridharadas, offers scathing condemnation of concerned elites who grumble about an inequitable and unjust status quo, but whose solutions promise only “elite-led, market-friendly, winner-safe social change.”⁴ The elites of Giridharadas’s “MarketWorld” speak the language of inequality, but refuse to question the neo-liberal market logic that generates it. They speak the language of social justice, but refuse to countenance the obvious path toward advancing it—strengthening participatory democracy and governments accountable to the people rather than to the powerful. When elites “put themselves in the vanguard of
social change,” Giridharadas writes, “it not only fails to make things better, but also serves to keep things as they are.”v

Things as they are, it is worth remembering, is not how they always were. In the three decades after World War II, a Keynesian “mixed economy” produced rising wages, shrinking income inequality, and near full employment.vi The civil rights movement expanded the democratic franchise, cashing in promises made and not kept in the Declaration of Independence and the Constitution. Even in 1972, after leaders in both parties had intentionally misled the public about the progress of the Vietnam War, 52 percent of Americans still trusted government.vii That was the era of the Great Society. Liberalism swept the country from coast to coast. American democracy was not perfect, but it was moving in the direction of justice.

Today, there is no doubt that democracy in the United States—and around the world—is in crisis. We are living in a second Gilded Age. Economic inequality has returned to levels not seen since just before the Great Depression. Wages peaked in inflation-adjusted terms in 1973, the year cellphones were invented.viii They have been stagnant ever since. A thirty-five-day federal shutdown beginning in December 2019 was the longest in U.S. history—a historic record befitting a historically dysfunctional government. No wonder only 3 percent of Americans now believe that their government will do what is right “just about always.”ix

The crisis of democracy is described in the language of our age—numbers. But at the heart of the crisis is something numbers cannot capture. Democracy is about more than just rules that can be followed or violated, institutions that are broken or intact. Writing after the Civil War, Walt Whitman put it well: “At the core of Democracy, finally, is the Religious element.” In the first half of the twentieth century, American philosopher and educational reformer John Dewey, too, considered democracy a “civic faith.” Democracy has always been an ethical and spiritual ideal. The crisis of democracy today is first and foremost an ethical and spiritual crisis.

The world of philanthropy is a reflection of economic inequality. There would be no billion-dollar donations without billionaires. Are those who have profited from our current economic system in a position to challenge its fundamental, undemocratic premises? Faced with the injustices of a second Gilded Age, are the legacy foundations of the first able to untether themselves from the conditions that created them? Can institutional philanthropy respond to the crisis of democracy with more than just “market-friendly, winner-safe social change?”

My thesis is that it can. The paradox of institutional philanthropy is that it is in a special position to address the crisis of democracy that, in some respects, it reflects. The tragedy of institutional philanthropy is that it isn’t yet doing so in a meaningful way.
Social Capital Philanthropy Versus Risk Capital Philanthropy

Americans donated $410 billion in 2017. With charitable giving measured as a percentage of GDP, it is fair to say that Americans are the most generous people on Earth. The largest source of the $410 billion comes from small-donor contributions—“ordinary Americans,” not the Michael Dells of the world, contributing on average 2 percent of their household incomes to charity. Foundation funding is a much smaller slice of the pie. It tends to hover around 15 percent of total giving.

When talking about individual small-donor contributions versus foundation giving, a distinction is often drawn between “charity” and “philanthropy.” In its most common formulation, charity aims to provide relief and direct assistance, whereas philanthropy seeks to address root causes. Donating money to a disaster relief fund after a devastating hurricane, for example, qualifies as an act of charity, according to this distinction. Advancing policies to mitigate climate change— which we know contributes to hurricanes of greater frequency and intensity—is the business of philanthropy. The distinction is imperfect: small donors can and do give money to climate change research institutes; large foundations can and do give money to disaster relief funds. Moreover, confusingly, philanthropic dollars are often categorized (as above) under the larger heading of “charitable giving.” Meanwhile, small-donor charitable giving is sometimes called “mass philanthropy.”

A better way of thinking about the different forms and functions of philanthropy—of slicing up the $410 billion pie—is to take a short trip through history. The voluntary donation of time and money is deeply rooted in American history and in the American mythos. But it has taken different forms and performed different functions at different times. Early philanthropy in the United States was what we might describe as “social capital” philanthropy. It was the philanthropy of associations—of people identifying needs in their communities (a school here, a church there) and forming associations to build, found, and fund their solutions. Benjamin Franklin was the American social capital philanthropist par excellence. He founded a library, a fire brigade, a university, and a militia. He did so not as a billionaire donor, but as a brilliant leader, convener, and gatherer of citizen contributions. Several decades after Franklin’s death in 1790, French nobleman Alexis de Tocqueville found a nation swimming with Benjamin Franklins. “In every case,” Tocqueville famously observed, “at the head of any new undertaking, where in France you would find the government or in England some territorial magnate, in the United States you are sure to find an association.”

Social capital philanthropy, of course, still exists. Much “small-donor” philanthropy falls within this category. It is the philanthropy of people serving on school boards and donating to their local libraries and religious institutions. It is the philanthropy of ordinary Americans expressing the better angels of their nature, as they have for centuries. And it is vital for our democracy, particularly at a moment when, as political scientist Robert Putnam famously argues, social capital has declined.
But as social capital has declined, another kind of philanthropic capital has increased—risk capital. If the vessel of social capital philanthropy is the association, then the vessel of risk capital philanthropy is the foundation. The modern American foundation did not exist at the time of Benjamin Franklin and Alexis de Tocqueville. It is a creature of the twentieth century. With their vast industrial fortunes of the post–Civil War Gilded Age, John D. Rockefeller, Andrew Carnegie, and Russell Sage endowed the first major American foundations; the Ford Foundation soon followed. All of these foundations still exist today—along with more than 80,000 others.

Foundations have established themselves as important actors in American democracy. Sandwiched between the public sector and private sector—a giant and an exponentially bigger giant—foundation philanthropy does a job that neither of its larger neighbors does well: it brings a long-term, bird’s-eye-view perspective to vital public goods. The public sector notoriously suffers from the “short-term-ism” of the election cycle; the private sector is beholden to the market and the profit motive. Freed from these constraints, foundations are able to deploy society’s “risk capital” to support public goods that don’t have an immediate payoff, electoral or monetary, but that are essential.

The question is—which public goods should foundations support? Society’s risk capital is limited and valuable. Where should it go? Education, health, social services, arts and culture, and the environment are common destinations. These are all important public goods that foundations have historically supported.

But there is something missing from this list. Do you want a clean environment? A fighting chance at defusing the civilizational crisis of climate change? For that you need a functioning democracy. Do you want an education system that mitigates, rather than exacerbates, inequality? For that you need democracy. A health care system that works? Democracy.

**Foundation Funding for Democracy**

The instrumental value of democracy is well known. When politics are captured by special interests, goods and policies that are important to the public suffer. A clean environment, an effective and equitable health care system, workers’ rights, and sane gun control laws are just a few examples. The quality of democracy impacts almost everything foundations aspire to do—positively, if democracy is functioning well; negatively, if it isn’t. For this reason alone, whatever else foundations support, they should support democracy reform too.

Yet this “instrumental argument” is not the only reason foundations should support democracy. The rise of authoritarianism and ethnic nationalism around the world forcefully reminds us that democracy is more than a means to an end. Why should we care about democracy? Because democracy is the only political system premised on
universal values of freedom, equality, and human dignity. Because, as Thomas Mann wrote at an earlier time when democracy was under threat, democracy is “timelessly human.”xv It was timelessly human in 1776 in the United States; it was timelessly human in 1989 in Eastern Europe; and it is timelessly human today. The history of democracy in the United States has been sinful, but the idea has always been, and will always remain, noble.

Despite the fact that democracy is facing its most serious crisis in decades, however, foundations continue to take democracy for granted. U.S. foundation support for democracy reform—broadly construed to include money-in-politics reform, civic leadership development, civil rights advocacy and litigation, and journalism—hovers around 1.5 percent of total foundation giving.xvi And the funding that does go to democracy reform comes from a relatively small group of foundations; fewer than 10 percent of foundations are involved in advancing democracy reforms. Foundations gave $67 billion in 2017; funding for democracy was not so much a slice of that pie as a crumb.

What percentage of foundation funding should go to democracy reform if not 1.5 percent? (3 percent? 5 percent?) And what percentage of foundations should be involved in the democracy space if not 10 percent? (20 percent? 30 percent?) These are the wrong questions. Just as the crisis of democracy—an ethical and spiritual crisis, above all—cannot be captured in numbers, addressing the crisis of democracy is not, in the first instance, a numerical question. The important thing is that foundations stop taking democracy for granted and start thinking about democracy as akin to education and health—something that they ought to be supporting. Democracy reform needs to become a slice of the pie. The crisis of democracy is exactly the sort of thing that foundations exist to address.

Foundation philanthropy, of course, cannot solve the democracy crisis alone. But together with our partners in civil society and with the other actors discussed in this book—states, cities, and grassroots organizations, for example—we have an important role to play in advancing solutions. How? Foundations are prohibited by law from engaging directly in politics. So politics are off limits. But ideas, advocacy, movements, and culture are fair game.

Ideas and Research

Our country’s institutional architecture is robust, and it has helped us weather many storms. But moral compromises were built into our founding documents. And to state the obvious, circumstances have changed profoundly from the time they were written. The work of strengthening our democracy, therefore, cannot be one of nostalgia. Rather, we must reinvent democracy for the challenges of the twenty-first century.xvii
To do so, we will need new conceptual thinking. We will need ideas—the best and boldest of them.

When the first federal census was taken in 1790, the combined population of the thirteen colonies was less than 4 million, and the average lifespan was less than forty years. We are now living twice as long in a country with a population more than eighty times greater. With lives so much longer, does it still make sense to have life terms for Supreme Court justices? With such vast—and growing—disparities between populations of big and small states, does it still make sense to have equal representation of states in the Senate? How can a representative democracy remain genuinely representative when there are so many citizens to represent? Citizens feel that their voices are no longer heard—that influencing public policy has become the prerogative of corporations, special interest groups, and the wealthy. But how does one conduct a chorus of 328 million citizen voices?

Funding ideas and research has been a quintessential function of foundation philanthropy since its earliest days. The colloquial term “think tank” first came about in the 1950s, but policy institutes designed to help shape policy—the political neurons of civil society—go back much further. The most august of these early policy institutes are now household names. The Carnegie Endowment for International Peace was founded in 1910 with a $10 million gift from Andrew Carnegie; the Institute for Governmental Research, later renamed the Brookings Institute, was founded in 1916, partly through a gift from John D. Rockefeller; and the National Bureau of Economic Research was founded in 1920 by the Commonwealth Fund.

The mandate of these early “think tanks” was to provide unbiased research and impartial analysis to inform policy. In more recent decades, a new generation of think tanks has abandoned the aspiration—or pretense, some would say—of nonpartisanship and impartiality. On the right, the Heritage Foundation, the Cato Institute, and the American Enterprise Institute make no attempt to conceal their conservative and neo-liberal stripes. They helped orchestrate the greatest ideological coup d’état of a century—the neo-liberal revolution of the 1980s and 1990s, which elevated capitalism above democracy and which bears much responsibility for the democracy crisis we now face. On the other side of the spectrum, policy institutes such as the Brennan Center, Demos, and the Center for American Progress advocate unabashedly for participatory democracy from a progressive perspective.

Here is one area in which progressive and conservative foundations can and should agree: elevating the tenor of public discourse and encouraging an informed citizenry. We cannot resolve our differences without adhering to the norms of fair and respectful debate. Providing information is not enough at a time when misinformation and disinformation are rampant. Foundations on both sides of the political spectrum can amplify fact-based, independent journalism and advance limits on the manipulation of social media technologies to spread falsehood, division, and hate.
Institutional and Procedural Reform

Making good on one of his core campaign promises, President Barack Obama signed into law the Affordable Care Act in March 2010. Obama could not have achieved this historic legislative victory alone. He was supported by numerous individuals and organizations that had been advocating for health care reform for years—if not decades. One group credited with having been a major contributor to the Affordable Care Act’s passage was a progressive coalition known as Health Care for America Now (HCAN). In 2009, to support its advocacy efforts around the Affordable Care Act, the Atlantic Foundation gave HCAN a $27 million grant. It was, at the time, the largest grant ever made in support of policy advocacy.

The Atlantic Foundation’s $27 million grant to HCAN—what I am calling “policy advocacy”—falls within a category that the Foundation Center labels “public affairs/society benefit.” In 2014, this category captured 12 percent of foundation funding. Precise data on foundation funding elsewhere in the world is hard to come by, but anecdotal evidence suggests that foundation support for policy advocacy is predominantly an American phenomenon. European foundations, certainly, do not engage in policy advocacy nearly as much as their American peers do.

Yet sometimes what’s lacking is not good ideas but the political will to implement them. Analysis can surface new ideas for improving our democracy. But once we determine what the best institutional and procedural reforms should be, we need to advocate for them. And we need to do so transparently; the last thing our democracy needs is more dark money.

The democracy reform ballot initiatives in the 2018 midterm elections provide a template for the kind of institutional and procedural reforms that foundations should consider backing. Michigan enacted same-day voter registration and automatic voter registration; Missouri, Colorado, and Utah all passed initiatives that created independent redistricting commissions or took other steps to combat partisan gerrymandering; Baltimore passed a small donor campaign finance law; and, most stunningly, Florida passed Amendment 4, restoring the right to vote to 1.4 million former felons. Amendment 4 passed with nearly 65 percent of voters supporting it.

Movements and Citizen Engagement

The democracy reform ballot initiatives were not the only reason the 2018 elections were historic. Voter turnout was 42 percentage points greater than during the previous midterm—the largest increase in midterm turnout ever recorded. Ideas and research can help put new policy proposals on the agenda and in the public consciousness, and
philanthropy can advocate for a reform agenda directly. But we won’t get far unless citizens—on the streets and at the ballot box—march and vote democracy reform into reality.

The role of philanthropy during the civil rights movement provides a template for how philanthropy can support social change through movement building and citizen engagement. Foundations are not—and probably should not be—on the vanguard of social movements. Citizens belong there. But we can help support social movements by amplifying, channeling, and legitimizing their energy and aims. That is what the Taconic Foundation and several of its peers did in the 1960s.

The Taconic Foundation was founded in 1958 by Stephen Currier, scion of a banking fortune, and his wife, Audrey, granddaughter of Andrew Mellon. In 1960, Stephen Currier brought together leaders of the preeminent civil rights organizations—the Congress of Racial Equality (CORE), the Student Nonviolent Coordinating Committee (SNCC), the Southern Christian Leadership Conference (SCLC), and the National Association for the Advancement of Colored People (NAACP), among others—to form the United Civil Rights Leadership Council. The goal was to sponsor voter registration drives and voter education in the South—to change politics at the ballot box where legislation alone had failed. Working together with Attorney General Robert Kennedy, and with a group of liberal foundations, including the Rockefeller Brothers Fund, the New World Foundation, and the Norman Foundation, Stephen Currier and the Taconic Foundation led a stunningly successful effort. Volunteers from all over came together to register African American voters and teach them how to pass the literary tests segregationists had set up.xxii

The Taconic Foundation’s engagement in the civil rights movement is an example of institutional philanthropy at its best. It is an example of risk capital philanthropy (foundations) working hand-in-hand with social capital philanthropy (volunteers); of philanthropy working together with government and supporting leaders in the field; and of foundations marshalling not only their grantmaking budgets, but also their reputations and convening power in order to advance democracy.

Today, as a democracy reform movement takes form and gathers strength, we must follow the Taconic Foundation’s example. There is clearly a surge of energy around democracy reform, and foundations need to seize the moment. They can do so by elevating new leaders drawn from the rich diversity of our society; by creating new platforms for collaboration; by bringing together actors from civil society and the public and private sectors; and by using all of our resources—not just our grantmaking budgets, but also our convening power and our reputations.
Democratic Culture

The record voter turnout in 2018—over 118 million votes cast—is reason to celebrate. But it is also a good occasion to remind ourselves that, while voting is an essential act in a democracy, being a good citizen requires more than just showing up at the polls. What happens when the immediate threat is neutralized? When a new administration comes into office? When the most egregious voter suppression laws are repealed? The crisis of democracy has clearly roused the nation’s democratic spirit. The key is to keep it awake.

Fixing our institutions—and they are sorely in need of fixing—will not fix our democracy. That is because democracy is not purely a set of institutions. Democracy is, first and foremost, a culture—the “habits of the heart,” as Tocqueville would say, that define a democratic people. “To say that democracy is only a form of government,” John Dewey wrote, “is like saying that home is a more or less geometrical arrangement of bricks and mortar; that the church is a building with pews, pulpit and spire. It is true; they certainly are so much. But it is false; they are so infinitely more.”

Philanthropy can strengthen democracy by supporting ideas and research, institutional and procedural reform, and movements and citizen engagement. These are, for the most part, old and proven tools and tactics. They aim to create legislative and institutional change, and they are often successful. But here is a challenge to philanthropy: How can we go beyond fixing institutions? How can we directly support democratic culture? In the face of an ethical and spiritual crisis, how can we repair the ethical ideals that are at the core of democracy—and nourish the spirit that aches for them?

The philanthropy of the Davos crowd is not the answer. And when the public hears comments such as Michael Dell’s, they can be forgiven for believing that philanthropy is part of the problem. People do not want a giant cancellation fee for a broken social contract. They want a new social contract.

Philanthropy can and must help to write one.

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i Christopher Ingraham, “Wealth concentration returning to ‘levels last seen during the Roaring Twenties,’ according to new research,” Washington Post, February 8, 2018.


iii Dylan Matthews, “Meet the folk hero of Davos: the writer who told the rich to stop dodging taxes,” Vox, January 30, 2019.

v Giridharadas, *Winners Take All*, 8.


xi Loulla-Mae Eleftheriou-Smith, “America, New Zealand and Canada top list of world’s most generous nations,” *Independent*, February 2, 2016.


