

# Chapter 14

## Philanthropy

### The Second Philanthropic Revolution

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Today's philanthropists are heeding Andrew Carnegie's advice: Give away your fortune while you are still alive, or die rich and die disgraced.

While the size of their mega giving has captured the public imagination, it is really the boldness and innovativeness of their approach that is driving the current philanthropic revolution. Compared to the previous generation, the neo-philanthropists are more ambitious (nothing short of solving the world's problems), more capitalistic (pushing the envelope of venture capital approaches), more personal (engaging directly with their time and talent on their areas of interest), and more collaborative (leveraging partnerships).

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**T**he problem of our age," reflected the pioneer of modern philanthropy, Andrew Carnegie<sup>1</sup> in his enduring 1889 essay, *The Gospel of Wealth*,<sup>2</sup> "is the proper administration of wealth."

In Carnegie's view, "the true antidote for the temporary unequal distribution of wealth" was for the rich to distribute it for the common

good during their lifetimes. In line with this philosophy, Carnegie applied himself diligently to giving away all his fortune.

## **The First Revolution**

Up to the early 1900s, philanthropy had been mainly about localized giving to the needy. Carnegie and his contemporary, John D. Rockefeller<sup>3</sup> (see box on “Revolutionary Philanthropists”) started a philanthropic revolution by creating foundations with hundreds of millions of dollars in assets.

They also changed the nature of philanthropy from alms-giving to organized philanthropy that is professionally managed in order to make a broader impact in their communities. They built and invested in institutions such as libraries, schools and research organizations.

Since then, this kind of philanthropic giving has grown steadily throughout the globe, but especially in the U.S. and developed world, where an increasing number of the nouveau riche are.

Foundations, the vehicles through which many of the wealthy channel their giving, had increased in the U.S. from 505 foundations in 1944 to more than 71,000 foundations in 2005. The size of their assets had likewise grown from about US\$1.8 billion in assets to a whopping US\$550 billion respectively. Still, the grants of more than US\$36 billion which the foundations give out each year only represents about 12 percent of total philanthropic giving in the U.S. (about US\$295 billion in 2006).<sup>5</sup>

Much of the growth in foundations has been in the last decade, with a doubling in the number of foundations and more than a doubling of foundation assets. So much so that many observers are calling these last few years the golden age of philanthropy.

## **Competitive Philanthropy**

What is fueling this golden age? Perhaps it is the mega giving that has captured the headlines of recent years.

In a way, this phenomenon could be traced back to 1997 when Ted Turner,<sup>6</sup> founder of CNN, threw down the gauntlet with a dramatic billion dollar pledge to the United Nations.

Turner also openly challenged his fellow wealthy “skinflints” to “open their purse strings” wider. Turner suggested that instead of just fighting to be at the top of Forbes list of the world’s richest men,<sup>7</sup> the wealthy

## Revolutionary Philanthropists<sup>4</sup>

### The Pioneers

**Andrew Carnegie**, an immigrant to the United States, founded the company Carnegie Steel, the largest and most profitable industrial enterprise in the world in the 1890s. In 1901, he sold the company to U.S. Steel and spent the rest of his life on large-scale philanthropy. He endowed and supported a long list of institutions and causes, especially local libraries, world peace and scientific research. By the time he died, he had given away more than US\$350 million.

**John D. Rockefeller** founded Standard Oil Company, which became a monopoly and was later broken up into several oil companies which we see today. On the back of Standard Oil and the importance of gasoline, Rockefeller became the first U.S. dollar billionaire and is often regarded as the richest man in history.

Rockefeller was as generous as he was successful. He founded several institutions including the Rockefeller Foundation in 1913. By the 1920s, the Rockefeller Foundation was the largest grantmaking foundation in the world. Rockefeller hired Frederick T. Gates as his full-time philanthropic advisor.

During his lifetime, Rockefeller gave away \$530 million to charity, a large part of which went to medicine and education. He transferred his remaining assets of about US\$500 million to his son, John Jr. The latter and the generations that followed have continued the legacy of Rockefeller's philanthropy.

### The New U.S. Heroes

**Ted Turner** is a media mogul. He founded CNN, the first dedicated and dominant 24-hour cable news channel. In addition, he founded WTBS which pioneered the superstation concept in cable television. He has a reputation for making controversial statements.

In 1990, he established the Turner Foundation which focuses its work on the environment and population growth. In 1997, Turner pledged to donate US\$1 billion of his then US\$3 billion fortune to the United Nations. The United Nations Foundation was set up to administer Turner's gift. It seeks to build and implement public-private partnerships to address the world's most pressing problems, and to broaden support for the U.N. through advocacy and public outreach programs.

**Bill Gates** is the co-founder and chairman of Microsoft Corporation, the world's largest software company. Between 1995 and 2007, *Forbes* ranked him the richest person in the world. He had a net worth valued at around US\$58 billion in 2008.

In 2000, Gates and his wife established the charitable Bill & Melinda Gates Foundation. By 2007, it became the world's largest foundation with US\$30 billion in assets, with much more to come from Gates and Buffet in future years. In 2006, it gave out US\$1.56 billion in grants. With the Buffet donation, this amount is expected to double in future years.

The creed of the foundation is broad: "Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to reduce inequities and improve lives around the world." It spends 60 percent of its funds on tackling

global health inequalities in six areas: infectious disease, HIV/AIDS, tuberculosis, reproductive health, global health strategies and global health technologies.

**Warren Buffett** made his fortune from astute investments through Berkshire Hathaway, a company in which he is the largest shareholder and CEO. He was ranked by *Forbes* as the richest man in the world in 2008, with an estimated net worth of US\$62 billion.

In the mid-60s, Buffett started the Buffett Foundation (later renamed the Susan Thompson Buffett Foundation) which focuses on reproductive health, family planning, pro-choice causes and preventing the spread of nuclear weapons. In 2006, the value of its assets stood at over US\$450 million.

In June 2006, Warren Buffett publicly committed to give away his entire fortune to charity, with 83 percent of it going to the Bill & Melinda Gates Foundation which he joined as a third trustee. The value of his gift of Berkshire shares in 2006 was US\$37 billion but it is expected to gain in greater value over time.

**Pierre Omidyar** is the founder and chairman of eBay, the online auction site. After eBay went public in 1998, Omidyar and his wife Pam co-founded the Omidyar Foundation to fund nonprofits. In 2004, he shuttered the Foundation to set up the Omidyar Network to fund both nonprofit and for-profit enterprises that create social value. The nonprofit and the for-profit Fund were allocated US\$200 million each. The Network's mission is to "enable individual self-empowerment on a global scale." It has invested in areas such as microfinance, technology and community-based initiatives expecting risk-appropriate returns on all for-profit investments.

**Jeff Skoll** is the first president of eBay. At 34, he used US\$34 million from the proceeds of eBay's public offering to set up the Skoll Foundation, making him one of the youngest philanthropists in American history. The Skoll Foundation reflects his core belief that it is in everyone's interest to shift the overwhelming balance between the "haves" and the "have-nots." The foundation seeks to bridge this gap by largely focusing on developing social entrepreneurship.

**Larry Page and Sergey Brin** are two Stanford University classmates who founded and are still running Google, the Internet search and online advertising behemoth. At its initial public offering in 2004, Google was worth US\$23 billion. By the end of March 2008, its market value was well over US\$100 billion. Since its inception, the Google founders have reminded their employees that their work should "Do No Evil." That belief has now been revised to an active slogan, "Be Good." It was rated as the best company to work for by *Fortune* in 2007 and 2008.

In 2004, Google formed its for-profit philanthropic wing Google.org, with a starting fund of US\$1 billion. Google.org hired Dr. Larry Brilliant, an iconoclastic multitalented entrepreneur to manage the foundation. The mission of the organization is to help with the issues of global poverty, global public health and global warming.

**George Soros** is a Hungarian-born billionaire investor and author. His Quantum Fund is one of the most successful managed investment funds in the world. He was once known as the "The man who broke the Bank of England" when he made US\$1.1 billion speculating on the pound sterling. In 2008, his net worth was estimated to be US\$9 billion.

Soros has been an active philanthropist since 1979, funding causes he believes in. To date, he has given away US\$4 billion, much of it through the Soros Foundation and the Open Society Institute which promotes open societies throughout the world by shaping democratic governance, human rights, and economic, legal and social reform in more than 50 countries worldwide.

### **The Non-U.S. Philanthropists**

**Richard Branson** is the flamboyant chairman of the Virgin group. He transformed Virgin from a fledgling record label, which he created in the 1970s, to a worldwide brand and conglomerate that dabbles in a host of business ventures, from airline business to cell phones and record stores. One of his most recent ventures is a space tourism company, Virgin Galactic, which will take paying passengers into suborbital space.

His net worth in 2008 was estimated at US\$4.4 billion. In 2006, at the Clinton Global Initiative, Branson pledged to plow 100 percent of the proceeds from Virgin's airline and locomotive divisions, estimated at US\$3 billion over 10 years, into investments in clean technologies. The initial focus is on producing "cellulosic" ethanol, a biofuel derived from agricultural waste and fast-growing crops, which produces no greenhouse-gas emissions, but which has yet to be proven in the marketplace.

Branson makes no bones that the move is as much about building the Virgin brand as it is about doing good by tackling climate change.

**Sheikh Mohammed bin Rashid al-Maktoum** is the ruler of Dubai. He is credited with transforming the tiny Persian Gulf emirate into an aviation, business and tourist hub. His efforts had helped to grow Dubai's GDP from US\$8 billion in 1994 to over US\$40 billion in 2006. In 2007, his fortune was estimated by *Forbes* to be around US\$16 billion.

In May 2007, he established the Mohammed bin Rashid al-Maktoum Foundation with an endowment of US\$10 billion. The foundation focuses on human development to create "a knowledge-based society" in the Middle East.

**Li Ka-Shing** is one of Asia's richest residents. His estimated wealth of US\$26.5 billion (in 2008) centers on two conglomerates, Cheung Kong and Hutchinson Whampoa. Through them, he is the world's largest operator of container terminals, a major supplier of electricity to Hong Kong, a global cell phone provider and a major real estate developer.

The Li Ka-Shing Foundation was set up in 1980 and has since committed over US\$1 billion to various medical and educational projects. In August 2006, Li announced that he would donate at least one-third of his personal wealth (then estimated at US\$18.8 billion) over time to his foundation, calling it "his third son."

should just give a billion dollars each and move down the rankings accordingly. His remarks prompted *Slate*, the influential online magazine to start an annual listing of top donors.<sup>8</sup> This, in turn, sparked off more media coverage and other lists on philanthropy.

Three years later, Bill Gates<sup>9</sup> pumped a staggering US\$16.5 billion into the Bill & Melinda Gates Foundation. In 2006, Warren Buffet<sup>10</sup> made a stunning announcement that he was going to inject over US\$30 billion into the Bill & Melinda Gates Foundation which, by then, was already the world's largest, by far, with US\$30 billion in assets.

Over the last decade, several of the other mega rich, led by the Americans, have set up foundations. A significant number seem to come from those who prospered with the surge in the information technology industry—people like Pierre Omidyar<sup>11</sup> and Jeff Skoll<sup>12</sup> of eBay, and most recently, Google founders Larry Page and Sergey Brin.<sup>13</sup> Others like George Soros,<sup>14</sup> who made their money through the financial and other traditional industries, have also contributed.

While the gifts that recent philanthropists have made may not have been in the same league as Gates and Buffet, they are still in the millions, hundreds of millions. Much more than just small change for us mere mortals.

Just as in the first philanthropic revolution, much of the big giving in the current era came out of the U.S. However in recent years, the wealthy outside America have begun following the example of the Americans.

Sir Richard Branson,<sup>15</sup> the British entrepreneur, jumped on board in September 2006 with a pledge of some US\$3 billion, from the profits of his airline and train operations, to combat global warming over the next decade.

In May 2006, Sheikh Mohammed bin Rashid al-Maktoum,<sup>16</sup> ruler of Dubai, pumped in US\$10 billion to set up his own educational foundation with the objective of increasing education, research, innovation and entrepreneurship in the Middle East.

Over in Asia, Li Ka-Shing,<sup>17</sup> Hong Kong entrepreneur extraordinaire, pledged in August 2006 to give away at least one-third of his fortune, then estimated at US\$18.8 billion, to his charitable Li Ka-Shing Foundation.

## **Second Revolution**

There are those who argue that these endowments, large as they are, do not really dwarf those of the early philanthropists.

To put things into context, the US\$350 million and US\$530 million that Carnegie and Rockefeller gave respectively in their lifetimes is worth more than US\$3 billion and US\$6 billion in today's dollars (adjusted for inflation).<sup>18</sup>

More significantly, the global economy has grown. Measured as a proportion of the annual GDP of their respective eras, Carnegie's gift is 0.44 percent and Rockefeller's gift is 0.59 percent. In comparison, Warren Buffet's large contribution of US\$37 billion is only 0.3 percent, or about half that of Rockefeller's.

According to Lester Salamon, Director of Center for Civil Society Studies at the Johns Hopkins University, "philanthropy is not holding up its part of the bargain" in keeping up with the growth of the economy and the accompanying societal challenges.<sup>19</sup> He notes that while there is absolute growth of philanthropic giving, it is outpaced by the growth of nonprofit needs. Increasingly, these are being funded by other sources such as government grants and service fees.

However, more than the absolute size of their gifts, my take is that the new givers are changing the nature of philanthropic giving. Today's philanthropists, while building on the traditional vehicles of giving are not content with check-book writing and ribbon-cutting exercises. They are engaged with their philanthropy in innovative ways that have captured the imagination of many.

Although there is diversity in their approaches, we can distill some common characteristics of their giving:

- It's more ambitious
- It's more capitalistic
- It's more personal
- It's more collaborative

## **High-Impact Philanthropy**

The agenda of these neo-philanthropists is both bold and global, nothing short of finding and implementing solutions to the world's problems. They are taking head-on issues, such as poverty and global warming that private enterprise and governments have been reluctant or unable to adequately tackle.

Turner's US\$1 billion commitment to the U.N. was to address the world's pressing problems and broaden support for the body.

Bill Gates' push for getting into philanthropy is to redress "the awful inequities in the world—the appalling disparities of health, and wealth, and opportunity that condemn millions of people to lives of despair."<sup>20</sup> His big idea is to overcome the market failure afflicting poor consumers of health care by deploying his money on behalf of the poor to generate the supply of drugs and treatments they need. For instance, his money provides market incentives for drug companies to put some of their resources to work for the needy.

The money that Gates spends is bound to make an impact. The Bill & Melinda Gates Foundation supports global health initiatives with about US\$800 million annually. This amount approaches the annual budget of the U.N. World Health Organization.

Meanwhile, social experts believe that microfinance, pioneered by Muhammad Yunus of the Grameen Bank, is a powerful tool for economic self-empowerment of the poor in developing countries. Recognizing that the sector is nascent and needs access to capital, Omidyar, together with Tufts University, launched a microfinance fund in 2005. His donation of US\$100 million to the fund is the largest private allocation of capital to microfinance by an individual or company. Omidyar's goal is "to unleash at least US\$1 billion in microloans to the poor throughout the world over the next decade as we make loans that are paid back and recycled."<sup>21</sup>

Global warming has found increasing support among the new social entrepreneurs. Richard Branson's initial focus on clean technologies aims to produce "cellulosic" ethanol, a bio-fuel derived from agricultural waste and fast-growing crops, which produces no greenhouse-gas emissions.

One of the goals of Google.org foundation's maiden project is to develop an extremely fuel-efficient, plug-in hybrid car engine that runs on ethanol, electricity and gasoline.

## **Philanthro-Capitalism**

As many of the new philanthropists are corporate highflyers and successful entrepreneurs, it is no surprise that they seek to apply capitalistic ideas and approaches to the social arena. Not just straightforward corporate ideas of applying management discipline in planning and implementation, but sometimes going the whole hog, such as pushing the envelope of venture capital approaches which have come to be known as "venture philanthropy."

The venture model was initially posited in a landmark 1997 *Harvard Business Review* article.<sup>22</sup> The authors contend that traditional philanthropy,

with its lackluster performance, would benefit from the infusion of venture capital techniques. These include adopting performance measures, placing fewer but larger bets on chosen organizations, engaging them closely to produce results, and exiting at the appropriate time.

Several hundreds of venture philanthropy groups are now active in the U.S., with a handful in Europe. The largest group is Seattle-based Social Venture Partners, which has affiliates in 23 American cities.<sup>23</sup> Comprising more than 1,700 individual partners, the network has benefited more than 250 nonprofit organizations with grants and countless hours of strategic volunteering support.

In taking a capitalistic approach, the line between profit and nonprofit organizations is blurring for some of these new philanthropists.

The Omidyar Network, for example, has two funds: one to make for-profit investments and another for philanthropic donations. The “investment team” is free to put its money in either for-profit or nonprofit projects. The team’s main criterion is whether the investment will further the social mission of the organization.

Google.org had an initial fund of US\$1 billion and has always shunned nonprofit status. It will pay taxes for any profits, but this then enables the foundation to fund startup companies, form partnerships with venture capitalists and even lobby Congress. Its founders Page and Brin have promised shareholders that they will make a social impact that will eventually “eclipse Google itself” by tackling the world’s problems.

Branson’s Virgin Fuels, set up to tackle climate change, is a regular enterprise that seeks “to do good through good investments,” but it will be funded through donations from Branson’s share of his profits from his other ventures.

In this sense, both Branson and Google have taken the view that the best way to accelerate the development of green technology is to let normal market competition dynamics work. They see their roles as helping with the initial capital injection to kick-start the process and further reinvestments from any profits made.

## **High-Engagement Philanthropy**

The new rich want to make sure that their money is properly used, so they want to be personally involved in it. Bill Gates’ view is that you have to work as hard at giving away your money as you do making it.<sup>24</sup>

Many of the newcomers, especially the dotcommers, are much younger, in their 30s and 40s, compared to the pioneer industrialists who started in

their 60s. Being young, they want to give their time and youthful energy to mentor, guide and direct.

This certainly applies to venture philanthropists. Central to the venture model is the notion of treating funding as an investment with expectations of (social) return on investment, operating efficiencies and management oversight. This is in contrast to the traditional concept of a charitable grant which is viewed more as a gift, and the donor is noticeably hands-off. Social venture capitalists take a more direct hands-on role as an owner with shared responsibilities in socially positive ventures.

The focus areas of the new philanthropists usually reflect their personal interests and their methods often leverage their talents.

George Soros was heavily influenced by his early experiences of Nazi and Communist rule and the writings of the philosopher Karl Popper (author of *The Open Society and Its Enemies*). He campaigns for socio-political change in more than 60 countries, especially in Central and Eastern Europe and the former Soviet Union. He has authored or co-authored several books, some on the subject of open societies. The organizations and funds which he has created seek to free political prisoners from life-long confinement in state institutions, win releases for prisoners held without legal grounds, halt the spread of tuberculosis and AIDS, create open debate, and promote freedom of the press.

Jeff Skoll, among his many talents, is also a movie producer. He set up the media company, Participant Productions, to fund feature films and documentaries that promote social values while being commercially viable. An outstanding example is the Oscar winner, *An Inconvenient Truth*, which has been credited with raising the awareness of global warming.

## **Network Philanthropy**

The aggregation of philanthropic resources occurred with the creation of community foundations. This, in turn, allowed mid-tier donors to essentially create their own “foundations” or donor-advised funds within a larger foundation on a very cost-effective basis.

The first community foundation was set up in Cleveland in 1914.<sup>25</sup> Today, there are more than 700 community foundations in the U.S. and about 1,000 around the world.

However, most foundations have traditionally worked their own programs and processed their grants individually. While multiple foundations may co-fund the same cause, this has traditionally resulted from fund-seeking on the part of the grantees.

As foundations become more proactive and ambitious in their quests for social change, they are also looking at new ways to collaborate. They are forming partnerships, not just with one another, but also with commercial partners, governments and the nonprofits themselves.

Even the world's largest foundations are collaborating to deal with the enormity of their global causes.

The Bill & Melinda Gates Foundation, which has enough money to go on its own in any project, emphasizes effective multi-sector collaborations. To that end, it has crafted a series of incentive-based investment partnerships. For instance, it teamed up with the Rockefeller Foundation in the Alliance for a Green Revolution to alleviate hunger and improve agriculture in Africa. In fact, about 80 percent of the foundation's grantmaking in the area of global health is undertaken with strategic partners.

Networks are also being formed to leverage money and experience. Peggy Rockefeller Dulany's Global Philanthropists Circle<sup>26</sup> brings together about 50 super-rich families from 20 countries to exchange ideas and experiences, mainly with a view to finding solutions to international poverty and inequality. Often, this involves the use of connections, influence as well as money.

Former U.S. President Bill Clinton established a non-partisan project, the Clinton Global Initiative in 2005, to bring together a community of global leaders. They meet annually to devise and implement innovative solutions to some of the world's problems such as global public health, poverty, and religious and ethnic conflict.<sup>27</sup> The organization does not give out grants, but only matches people with ideas and those with the means to help implement them. Its second annual meeting resulted in 262 commitments valued at over US\$7.3 billion.

## **The Second Wind**

Where is this second philanthropic revolution taking the world to?

First, the hopes are high. The potential of the size of giving is giving rise to many starry eyes.

So far, only a few billionaires have stepped up. But if the present rate of mega-giving snowballs, the amount of money and impact could be awesome. As at March 2008, there are more than a thousand billionaires on *Forbes* list with a total estimated net worth of US\$4.4 trillion. That is more than six times the total asset base of foundations in the U.S.<sup>28</sup>

According to Jeff Sachs, special advisor to the U.N. Secretary General, “an annual five percent ‘foundation’ payout from these billionaires” which would amount to US\$220 billion, would lift Africa out of poverty, obviating the need for aid from the G8 leading nations—aid which has not been forthcoming.<sup>29</sup>

But poverty in Africa is only one fraction of the world’s problems and that does not leave much else on the table for other needs. The fact is that government funding is going to continue to be needed and philanthropic giving will not be able to fully replace it. For example, social welfare spending in the U.S. is 18 percent of GDP, in contrast to just over two percent for total philanthropic giving.

Secondly, the new innovative approaches take their cue very much from the business world. In fact, the lines between the two are blurring. In the long run, would or should business and charity converge into one seamless world? I do not have the answer, but hopefully, any transition to a converged world would be more smooth than chaotic.

Thirdly, the increasing amounts and visibility of mega-giving create concerns of accountability for these institutions. In the same way that foundations are demanding accountability of their grantees, lawmakers and the public are asking about measurable results and unjustifiably high administration costs of the foundations. America’s Congress is showing increased interest in foundations and how they operate, and new tough laws that will “dramatically transform the relationship between the federal government and foundations” have been proposed.<sup>30</sup>

Finally, when you get past the targets, the methods and the amount of their giving, the broad intent of giving—as many of the philanthropists have articulated—has remained largely the same: benefiting society and humankind.

Or perhaps, they were simply heeding the message of Andrew Carnegie: “The man who dies leaving behind many millions of available wealth will pass away unwept, unhonored, and unsung.... The man who dies thus rich dies disgraced.”<sup>31</sup>

## **Endnotes:**

Adapted from: “The second philanthropic revolution,” *SALT*, September-December 2007.

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  - *Forbes* listing of the wealthy at [www.forbes.com](http://www.forbes.com).
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  - *Giving USA 2007: The Annual Report on Philanthropy for the Year 2006* (Giving USA Foundation, researched and written by the Center on Philanthropy at Indiana University, 2007).
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- 18 Gavyn Davies, "Who has the biggest heart in human history?" *The Guardian*, July 6, 2006. There are varying estimates of what Carnegie's and Rockefeller's gifts would be worth in today's dollars. Davies computes it at US\$3b and US\$6b respectively. Families of Philanthropy ([www.familiesofphilanthropy.com](http://www.familiesofphilanthropy.com)) estimates are US\$7.2 billion and US\$14 billion respectively (the US\$14 billion should include the gifts of both Rockefeller and Rockefeller Jr.). *Fortune* in 2006 puts the contributions at US\$7.2b and US\$12.6b respectively. The difference in the values would be due to estimates of the rate of inflation and in some cases, estimates of what might constitute a reasonable rate of return if the money had been invested.
- 19 Mark Hrywna, "Giving Hits Record \$295 billion," *The Nonprofit Times*, July 1, 2007. This is an article on the *Giving USA 2007* yearbook published by Giving USA Foundation.
- 20 "Remarks of Bill Gates, Harvard Commencement," *Harvard University Gazette Online*, June 7, 2007, [www.news.harvard.edu/gazette/2007/06.14/99-gates.html](http://www.news.harvard.edu/gazette/2007/06.14/99-gates.html).
- 21 David Kirkpatrick, "Ebay's founder starts giving," *Fortune*, November 28, 2005.

- 22 Chris Letts, William Ryan, and Allen Grossman, "Virtuous Capital: What Foundations Can Learn from Venture Capitalists," *Harvard Business Review*, March 1997.
- 23 See Social Ventures Partners at [www.svpseattle.org](http://www.svpseattle.org) and [www.svpi.org](http://www.svpi.org).
- 24 "Doing well and doing good," *The Economist*, July 29, 2004.
- 25 Established in 1914, the Cleveland Foundation is the world's first community foundation and the third largest in America. [www.clevelandfoundation.org](http://www.clevelandfoundation.org).
- 26 See Global Philanthropists Circle at [www.synergos.org/philanthropistscircle](http://www.synergos.org/philanthropistscircle).
- 27 [www.clintonglobalinitiative.org](http://www.clintonglobalinitiative.org)
- 28 The asset base of U.S. foundations for 2005 (most recent available year) is \$550 billion. Extrapolating by a historical growth trend of an annual average of 8%, by 2007, the figure should be about \$641 billion. The total billionaires' worth of \$4.4 trillion is from *Forbes* listing as of March 2008, which measures 2007 wealth. Thus, billionaires' wealth exceeds foundation assets by (4.4 trillion / 641 billion =) 6.9 times.
- 29 Leyla Boulton and James Lamont, "Philanthropy 'can eclipse G8' on poverty," *Financial Times*, April 8, 2007. Jeffrey Sachs had computed a figure of five percent "foundation payout" as being US\$175 million using 2007 data of billionaires' worth. I have updated it using the most recent billionaires' worth from *Forbes* listing as of March 2008 (see previous endnote), hence it is (5% of 4.4 trillion =) US\$220b.
- 30 "The birth of philanthrocapitalism," *The Economist*, February 25, 2006. The article highlights the tough new laws proposed by Senator Charles Grassley to deal with abuses in the nonprofit world. See Chapter 4, "Black box or glass house?" for a further discussion on the charity reforms in the U.S. and other countries.
- 31 Andrew Carnegie, "Wealth," *North American Review*, No. CCCXCI, June 1889. Later republished in England as "The Gospel of Wealth."