

# With the rise of big philanthropy, the wealthy determine the worthy causes, not the people

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What wasn't to like?

On December 1, 2015, Mark Zuckerberg and Priscilla Chan pledged to use 99 percent of their shares in Facebook to make the world a better place. The occasion for this announcement was the birth of their daughter, Max, and the pledge took the form a letter to her—posted, naturally, on Facebook. It was sweet and

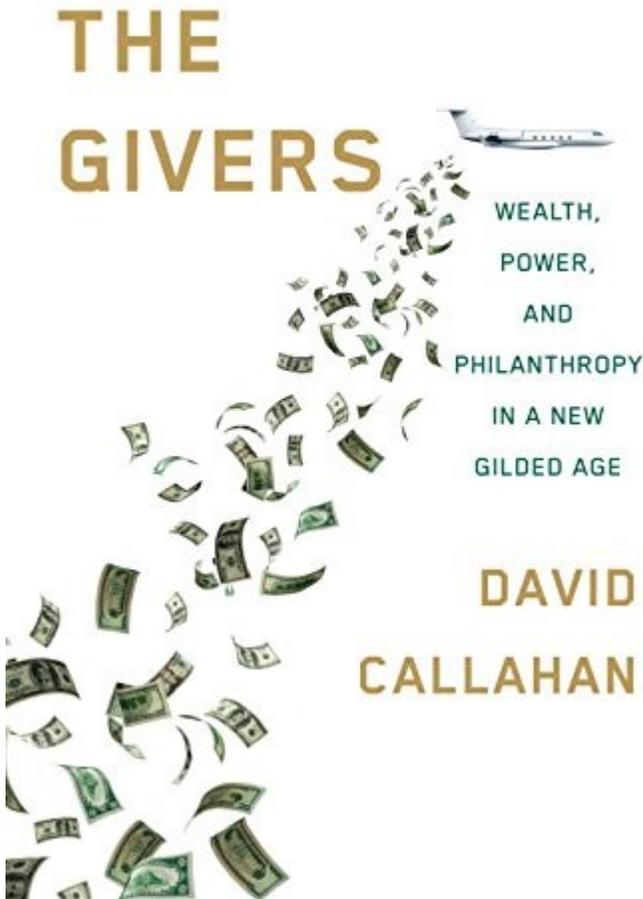
earnest. More important, those shares were worth about \$45 billion, enough money to do a whole lot of good.

Yet that vast pile of wealth also perfectly embodied the excesses of a new Gilded Age. It was an almost unfathomable sum, larger than the annual budgets of thirty two U.S. states, and greater than the combined wealth of the bottom fifth of American households.

In their letter to Max, which Zuckerberg and Chan had worked on for weeks, even making last minute changes at the hospital, the couple said that among their goals in giving away all their money was to “promote equality” so everyone has access to opportunity “regardless of the nation, families or circumstances they are born into.”

Here was one kind of solution to an age of vast and vexing inequality: The richest of the rich could *give all*

*the money back.* Who could possibly complain about such an act of generosity?



“Wow,” wrote Bill and Melinda Gates, in a note of support to Zuckerberg and Chan. “The example you’re setting today is an inspiration to us and the world.” Warren Buffett added: “Mark and Priscilla are breaking the mold with this breathtaking

commitment. A combination of brains, passion and resources on this scale will change the lives of millions. On behalf of future generations, I thank them.”

As it turned out, though, not everyone lined up to thank the tech tycoon and his pediatrician wife for one of the

largest philanthropic pledges in history. The backlash to the announcement was swift and surprisingly fierce. ProPublica's Jesse Eisenberg, writing in the *New York Times*, blasted the couple's choice to create a limited liability corporation, the Chan Zuckerberg Initiative, to handle their good works. That structure would allow them to avoid taxes, as well as oversight, said Eisenberg, since LLCs don't have to disclose their activities like traditional foundations. Eisenberg wrote that "we are turning into a society of oligarchs. And I am not as excited as some to welcome the new Silicon Valley overlords."

Other critics echoed these points, piling on with charges that Zuckerberg and Chan's "non-charity charity," as *The Atlantic* dubbed it, amounted to tax avoidance and an undemocratic power grab. The money should more rightfully go to government, some said.

The pushback was baffling to the young couple, who were barely in their thirties and saw themselves as anything but “overlords.” Zuckerberg came from a fairly typical upper-middle-class family in Dobbs Ferry, New York, just north of Manhattan, the son of a dentist and a psychiatrist. Priscilla’s background was far more humble. Her father had come to the United States after fleeing Vietnam in the 1970s and spending time in a refugee camp. He worked brutal hours running a Chinese restaurant in Boston, and her mother’s hours were just as long. Priscilla was largely raised by her grandmother. During her four years at Harvard, she had worked at an after-school program serving low-income kids in Dorchester housing projects. As a pediatrician, much of her work was with underserved communities. “I work with families on the front lines,” Chan told me. “My entire career has been about public service.” Not long before giving birth, she had started a new primary school in the heavily Latino community of East Palo

Alto, California. At Chan's urging, Mark had once taught a weekly class in East Menlo Park, another struggling corner of Silicon Valley.

Unlike many winners in the new economy, Zuckerberg and Chan had actually made the time and effort to cross America's vast income divide, helping out in a hands-on way. They were also deeply serious about doing their philanthropy well, consulting with numerous experts, trying to learn from their mistakes, and working to meld their very different strengths. "Mark is a great engineer and systems builder," Chan said. "He teaches me how to build organizations, how to think about scale. I teach him about what it's like to actually be on the front lines." They were determined to start giving early, and at a large scale, because it seemed like a waste not to put their wealth to good use sooner rather than later. As well, they wanted to have a long runway to get better at philanthropy. "We have an incredible opportunity."

Chan took the lead on many of the day-to-day tasks of building the infrastructure needed to give away billions. She saw the mission, in large part, as helping the part of America that she had grown up in neglected communities where families were trying to struggle upward, or just survive, often against immense odds. “People are working as hard as they can, but there are systemic obstacles,” Chan told me. That wasn’t right. “We want everyone to have the same opportunities.” Still, even as she and Zuckerberg earnestly set forth to give away more money than nearly anyone in history, they were being cast in a suspect light.

This wasn’t the first time that Zuckerberg’s giving had sparked a backlash. Starting in 2010, he had bankrolled a controversial effort to reform Newark’s public schools that, to critics, showcased how ordinary citizens got elbowed aside as activist donors worked to reshape public institutions. In turn, Zuckerberg was hardly the

first mega-philanthropist in U.S. history to be viewed with deep suspicion. Over a century earlier, John D. Rockefeller's proposed foundation had been denounced by the U.S. attorney general as "an indefinite scheme for perpetuating vast wealth" that was "entirely inconsistent with the public interest." Another U.S. official criticized the Rockefeller family's "huge philanthropic trusts as a menace to the welfare of society."

By the late twentieth century, though, these early criticisms of mega-givers had faded. As distrust of robber barons and their monopolies became a distant memory, so too did fears that philanthropy was yet another tool of oligarchical control—a "Trojan horse" in the plot against democracy, as the Rockefeller Foundation had also been called. In an America that celebrated the wealthy, and especially tech billionaires, the new age of charity was largely hailed as a good

thing. The subtitle of a 2008 book on this phenomenon, “How Giving Can Save the World,” summed up the uncritical hopes of the moment.

Then came the financial crisis and the bank bailouts, followed by a recovery in which the wealthy pulled even farther away from everyone else—to the point that the Forbes 400, a small enough group to fit into a ballroom, would come to hold more wealth than the bottom 61 percent of American households, with 194 million people. The rise of the Tea Party and Occupy Wall Street ushered in a new populist moment, one in which all elites—and especially the super rich—came under new suspicion. Inequality in America, which had been growing since the 1970s, finally started to get the scrutiny it deserved. A dense treatise by the French economist Thomas Piketty, *Capitalism in the Twenty-First Century*—eminently ignorable in another era—shot to the top of the *New York Times* bestseller list.

This rising concern about inequality has been paralleled by a remarkable surge in new philanthropy. Zuckerberg and Chan were only the latest billionaires to make huge pledges to do good with their fortunes. Similar pledges, albeit on a small scale, have been coming at a steady clip, along with record-breaking gifts. Everywhere you look, new philanthropists seem to be pursuing big ambitions: to stop climate change, remake public education, build urban parks, eliminate malaria, end bias against LGBT people, find cures to Alzheimer's, and on and on.

It's hard to argue with some of these goals. Who doesn't want to extinguish Alzheimer's or malaria? But others are more controversial. If you don't favor same-sex marriage or charter schools or shutting down coal plants, you might not be too thrilled with how some billionaires have been deploying their money—subsidized, I should add, by your own tax dollars. In

many ways, today's new philanthropy is exciting and inspiring. In other ways, it's scary and feels profoundly undemocratic.

The world of philanthropy is vast. It includes everything from parents chipping in for music classes at a local school to the global fight against HIV. Endless things can be said about the myriad efforts of private donors to tackle this or that issue. Are they prioritizing the right causes? Are they choosing the best approaches? Are charitable dollars being used in the most efficient fashion?

Philanthropy is becoming a much stronger power center and, in some areas, is set to surpass government in its ability to shape society's agenda. To put things differently, we face a future in which private donors—who are accountable to no one—may often wield more

influence than elected public officials, who (in theory, anyway) are accountable to all of us.

This power shift is one of the biggest stories of our time. Yet it's a hard one to tell properly for several reasons. Just figuring out what philanthropists are up to is no easy thing. Many funders, particularly the newer givers arriving on the scene with huge fortunes, don't reveal much about their giving, and nonprofit laws allow rivers of money to sluice through society in opaque ways. To give just one recent example, private donors put up millions of dollars in donations to influence U.S. policy toward Iran's nuclear program, including the fevered debate over the final deal reached in 2015. Yet we may never know exactly who all those givers were or how much money they gave.

At the same time, influence is a tough subject to get a handle on. Most of us understand the hard power that

corporations have to shape how we live with new goods and services, just as we understand how government affects our lives with big policy shifts. But philanthropists often operate subtly, working behind the scenes to set agendas and shape decisions—backing ideas, research, and pilot projects. Even as they emerge as the new social engineers of our time, their fingerprints can be hard to see. Furthermore, philanthropy's rising power is not just about what's happening in the nonprofit sector; it's also about changes elsewhere in society—in the economy, politics, and government—that are boosting the *relative* clout of private givers. Connecting these dots is not always so easy.

Today's big philanthropy is arising in an era when the wealthy already seem to control so much territory in America—whether it's politics through their campaign contributions or ownership of the tech and media

companies that shape our culture. Now, through their giving, they are wielding even more influence.

This is deeply troubling. But, a simple narrative about plutocratic power is the wrong way to understand big philanthropy. Things are more complicated, given the flow of new money to empower people working on issues like climate change, poverty, and criminal justice. Even if you worry about inequality, it's hard not to feel hope as super empowered, high-minded givers look to solve problems in ways that get around partisan gridlock or dated ideas or entrenched interest groups.

As more mega-donors emerge, with any number of grand ambitions, we need to ask much harder questions about the accountability of philanthropy, which operates outside of familiar checks and balances. While CEOs can be overthrown by shareholders, and senators rejected by voters, nobody can stop billionaires from

using great wealth to push their schemes for society, however misguided. That power, it must be emphasized, has little to do with meritocracy. You may need at least some intelligence and talent to amass great wealth; but anyone who's rich can be a major philanthropist, regardless of his or her qualifications for this role. And just because you're good at making money doesn't mean you'll be any good at giving it away. Nor does an embrace of philanthropy mean that someone is looking out for society as a whole. Giving, as we'll see, can be yet another tool to advance partisan goals and class interests. In effect, it can be a way of taking.

The bigger risk here, though, is not that the mega-givers will make mistakes or feather their own nests. Rather, it's that their rising power will further push ordinary Americans to the margins of civic life in an unequal era when so many people already feel shoved aside by elites and the wealthy.

Decades ago, in the early postwar era, scholars like C. Wright Mills worked to gain an understanding of a new ecosystem of power that included major corporations, government, and the military. Today, and going forward, no explanation of who runs America will be complete if it doesn't reckon with the rise of big philanthropy—and the givers behind it.

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