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Patrick Rucker

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Philanthropic Leadership:
Comparing Historical and Contemporary
Methods of Philanthropic Giving

by

Patrick Rucker

Senior Project
Jepson School of Leadership Studies
University of Richmond
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Jepson Senior Project
Patrick Rucker
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America has a unique tradition of philanthropy. Wealthy benefactors have created some of our most notable institutions for health, education and the arts. The level of philanthropic giving has been consistently high yet the tradition of giving has taken many shapes and assumes several forms today. One of the most interesting and currently debated forms of charitable giving is money directed towards social change or the achievement of a certain social agenda. Money is given today to support or stall legal abortions, racial integration, and a host of other social issues. This paper will examine the tradition of giving in the United States, compare current controversy to concerns of the past, and uncover the method, and morality of leadership in contemporary giving. We will see that philanthropic leadership has shifted from an elitist and authoritarian model of the late 19th century to a more inclusive and participative contemporary model.

Americans are a giving people. Since the founding of the nation, there has been a tradition of charitable giving to improve the standard of living and the richness of individual life. It is unclear from whence the American tradition of giving originally has sprung. Some have speculated America's preoccupation with giving originated with the Protestant work ethic or more general Judeo-Christian values. Other scholars and historians have pointed to our original break from the English tradition of aristocratic tyranny explaining those with means give to distinguish themselves from the social injustice of our English forebears.

The English class structure was marked by clear and unchallenged lines of distinction while the American society was to be marked with greater mobility according to personal ambition and mettle. It was generally accepted that, "if the

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rich donated their time and money to communal projects... class lines would not harden into caste lines.\(^2\) It must be said that America at the time was marked by a greater level of class interaction and exchange than had been previously seen. Philanthropy among the wealthy was to create a loosened class structure and foster the image that wealth and prosperity were tied to virtue and community concerns.

But who were these virtuous and benevolent Americans? Some of the most highly publicized traditions of giving originated with the new industrial focus of the late 19th century. The great benefactors of the 19th century are important because they represent an attitude of accruing wealth as well as an attitude of distributing it. The wealthy contributors of the century were notorious industrialists with questionable business ethics. The illicit dealings between the Robber Barons and corrupt politicians helped the industrialists amass unheard of wealth and these resources were often redirected in the form of public benefaction.

This era saw several first generation Americans with tremendous ambition and personal fortunes. The emerging steel, oil and railroad industries provided the opportunity for incredible economic growth and personal fortunes for those with enough business acumen to break into the market. These great industrialists were often proud and fiercely confident men who had built their companies from the ground up. The companies and the wealth had the mark of their founder and the decision making power rested firmly at the top of the organization. These industrialists had developed a very hierarchical structure within their businesses and they kept that hierarchical design as they moved from gaining wealth to distributing it through philanthropy.

The philanthropic leaders of the late 19th century maintained a rigidly structured and patriarchal philanthropic design. The wealthy contributor was to have full discretion in allocating funds, determining worthy causes and pushing social values. The early philanthropic leaders had decision making privilege in their for-profit companies and felt this design would work best in non-profit endeavors. The giver was the center of the power dynamic and pushed their own values, beliefs and morals through philanthropic efforts.

As we examine the first wealthy American philanthropic leaders we will see a consistent pattern of giving. Leaders such as Carnegie, Pullman and Rockefeller believed they were best suited to direct philanthropic contributions. Just as these men ran their company through direct control they maintained very directive postures in donating funds. The authoritarian, directive and patriarchal style of these early philanthropic leaders shaped an idea of philanthropy which dominated for the next several decades.

One of the most highly visible and notable philanthropists of the early industrial era was Andrew Carnegie. Carnegie was a first generation Scotsman and self-made millionaire. Through shrewd investing in the steel industry Carnegie was able to amass a tremendous personal fortune. Carnegie was seen as one of the more scrupulous industrialists and his numerous gifts did not attract the same level of public scrutiny as many of his contemporaries. Carnegie was generally seen as a model American citizen who worked hard within the American political and economic system to achieve personal success and a position of national leadership.

The public was tolerant and even supportive of Carnegie's success and considered him an American role model. Carnegie was one of America's sons, a man with true personal mettle who fulfilled the new image of the American dream. While the American public supported Carnegie, he reciprocated the
sentiment and often expressed thanks for the tremendous opportunity afforded an immigrant in this young and vibrant nation. It was Carnegie's deep and profound appreciation for the opportunity in America that sparked his interest in philanthropic giving.

Carnegie's giving was a unique phenomenon on several accounts. Firstly, the media and public were generally positive in response to Carnegie's gifts and he was lauded as a truly benevolent man. Secondly, Carnegie articulated the philosophy of his philanthropy and explained his method of giving as a model for other philanthropists. Carnegie published several essays explaining the thought and motive for his philanthropy, but 'The Gospel of Wealth' is probably the most concise and well known of his published works. In 'The Gospel of Wealth' Carnegie explained the appropriate realm of the great philanthropist and which public projects deserved his attention. Carnegie articulated an elitist attitude for philanthropy which would dominate his era.

Carnegie first explained that philanthropy should serve a role which was unique and different from government services and agencies. Government spending was to raise the individual out of personal suffering while public philanthropy was to raise the individual's intellect and spirituality. The philanthropist was not to relieve the suffering of the masses but rather contribute to a healthy and productive culture. Carnegie explained:

It is not the irreclaimably destitute, shiftless, and worthless which it is truly beneficial or truly benevolent for the individual to attempt to reach and improve... the duty of the millionaire is to resolve to cease giving to objects that are not clearly proved to be to his satisfaction to be deserving.3

As with the other great philanthropists of the time, Carnegie saw the rich as ordained to direct the development of the American culture. It was the wealthy who used their personal skills and acumen in developing their fortune and it was

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the wealthy who would use these same abilities to shape a strong national culture. To this end, Carnegie explained there were seven appropriate projects for public philanthropy (listed in descending order): universities, hospitals, parks/monuments, libraries, public bathing, concert/music halls, and churches.\(^4\)

As seen by Carnegie's list of appropriate philanthropic projects, the aim of giving was to raise the individual's spirit with fodder for the soul not food for the belly. Wealthy givers should provide services which will cultivate other successful individuals. Carnegie noted that a gift of a conservatory, artistic work, statue or fountain is, "a wise use of surplus (for) 'man does not live on bread alone.'"\(^5\) The whole society should be inspired and lifted with the sublime power of the philanthropic project. Large projects accessible by the masses will surely lift the noble few from the dregs.

Carnegie articulated the need for philanthropy to provide the tools for personal advancement. Universities, lecture halls, churches, parks and monuments should serve to excite the individual's creative fires. Hospitals, pools and bath houses should care for the body and keep one healthy. Artistic works should embolden the soul and cause one to dream. Each of these projects contributes to the development of the individual and ensures a nation of ripe personage. Carnegie used *The Gospel of Wealth* to explain the philanthropist should foster a culture which would elevate other potential millionaires from the masses.

Carnegie's decision to publish guidelines for appropriate philanthropic giving demonstrates the authoritarian leadership style he assumed in his philanthropic giving. *The Gospel of Wealth* does not advocate meeting to discuss citizen needs nor does it advocate cooperation between the benefactor and

\(^{4}\) ibid.

\(^{5}\) ibid, 44.
recipient. Nowhere does Carnegie encourage givers to ask what resources are needed by the community or what facilities would alleviate the greatest burden. Carnegie's style of giving was based on the belief that he knew best what the community needs were and how his patriarchal philanthropy could help. *The Gospel of Wealth* was a directive for all philanthropic leaders to march lock step in their elitist approach to giving, to recognize their role as philanthropic leaders and contribute to high culture.

Carnegie provided a first model for public philanthropy and his ideas had a profound influence on further giving. Carnegie believed public giving should satisfy the individual's higher needs and provide an inspiration for greatness. The wealthy industrialist is ordained to choose the projects which will raise the individual due to their own high station. Carnegie's contemporaries incorporated these guidelines, but added their own personal touches. One of the more notable and controversial givers of the late eighteenth century was George Pullman.

Pullman was a self made man who began his vast business enterprise with the meager purchase of two old and battered railroad cars. These cars were remodeled under Pullman's direction to suit the extravagant tastes of America's train passengers: the rich. The cars manufactured under the Pullman name were notoriously opulent and ostentatious with all the finishing touches to suit the clientele of the day. The cars were sold for a handsome price and Pullman was able to expand his business through the middle and late 19th century.6


The nature of the railroad car business required a large skilled workforce. Pullman needed woodworkers for the car interiors as well as artistic designers to lay out the myriad detail and nuance feature of the cars. These skilled laborers
came at a cost and they had to be appreciated. Pullman never fully understood or appreciated his workers and he was notorious for his labor dealings. Through the late 1900s the Pullman factories were the object of repeated strikes and attempts at labor organizing.

During one of Pullman's earliest battles with organized labor in 1888, wood carvers went on strike to protest the behavior of a company foreman. The strikers wanted the foreman removed because of unreasonable restraints on their working freedom and a general disregard for employee grievances. The strikers thought the removal of an unreasonable supervisor might be negotiable if they took a strong stand. The fledgling union of wood workers thought Pullman might yield if resolve was shown. Unfortunately for the strikers Pullman was to carve a tradition of ignoring union demands and, "after giving the strikers a limited time to return to work under existing shop conditions, the Pullman company ordered the men to stay out permanently." All of the striking workers lost their jobs.

Pullman had no patience for labor grievances but there are questions concerning his regard for his employees lives and lifestyles. Pullman led a simple life of austerity and was strongly influenced by Christian teachings. It was this attitude of Christian toil and self deprivation that led to Pullman's tenacity as a businessman and contributed greatly to his success. Pullman saw his choice of lifestyle as the most rewarding and sought to instill it in his employees. Pullman thought the simple laborer needed structure and the discipline to find a satisfying life. Moreover it was Pullman's job to provide that discipline.  

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One of the most highly publicized manifestations of Pullman's lifestyle directives was the founding of Pullman Town, a self-contained workers village. The town was completely company owned and operated with a rigid set of rules establishing how the dwellings could be decorated, what goods were provided at the local store and where the children could play. One of the most widely criticized aspects of this 'model town' was the impossibility of individual ownership of the homes. This town was to be forever controlled by the guiding principles of Pullman morality.

Pullman Town was ostensibly designed to improve the worker's living standards and it did provide a level of security and stability to many of the employees. Proponents of the plan were few, but they pointed to Pullman's effort as an example of individual benevolence and regard for the common working man in need of stability. Critics of the plan were much greater in number and voice, questioning whether an institution stripping the individual of dignity while providing for creature comforts was a benevolent gesture of philanthropy. The debate over Pullman Town raged in the Chicago area and several newspapers assumed strong postures of opposition.

In other and even less pleasing aspects the 'model town' wore the colors of statistical philanthropy. Pullman was school master, and preacher; sanitary officer, supplier of water, light and fuel, guardian of the peace and censor of everything from flower pots in windows to domestic morality. And the American workingman, being neither a slave nor a fool, rejected the money grabbing philanthropy.9

The working community saw Pullman's philanthropic giving as a further attempt to control and manipulate employees. The public would not consider Pullman's organizing efforts philanthropy because they were so conditional and came from a recognized enemy of labor.

At this point in the history of American giving the values of the philanthropic leader determined the type of efforts that would be supported. If the individual giver such as Pullman supported hard work and sober living then these values would be reflected in the philanthropic projects. Pullman, Carnegie and others believed they were ordained by their wealth and business success to shape the rest of the American social landscape. The attempts of the Pullman town capture the deep confidence held by many philanthropic leaders of the 19th century that they were to be the purveyors of American values. It was the great industrialists that built the nation's economy and it was these great industrialists that would similarly build the nation's identity.

The early industrialists decisions on how to allocate philanthropic gifts were similar to decisions on how to run the business. It was the individual business leader's discretion as to where philanthropic money would go. The main consideration for a philanthropic gift was whether the project reflected the personal views of the donor, not whether the project would fill a societal need. As was see in the giving record of many wealthy industrialists, "these were often highly personal donations, used to found community institutions that faithfully reflected their originators' aspirations, biases and norms."\textsuperscript{10} The giving often resulted in a general improved standard of living but it always reflected the personal views and priorities of the giver.

In terms of philanthropic leadership, these individuals acted as monarchs and kings with only their discretion shaping the policy. There was no sense of checks and balances in the decisions of the giver nor was there strong efforts to involve the individuals who would supposedly benefit from the project. One of

the great examples of the decisions made by great philanthropists is the Pullman Library.

One of the most widely popular forms of philanthropy among the wealthy of the late 19th century was to contribute a library for public use. A library was an easily justified gift because it was a resource for the masses and provided the opportunity for the self starter to educate himself and achieve the financial heights of the library benefactor. The public was generally appreciative of a newly founded library, but again Pullman's efforts bore scrutiny and criticism.

Pullman founded a library in the Chicago area in 1882 and George Pullman himself served as the first president of the board. The library was started by Pullman gifts and was open to the public as were other libraries at the time. The one significant difference between the Pullman library and others was that the Pullman library was not free. Pullman believed a small cost for use of the library would encourage a deeper appreciation for its value. The fee for use of the library was three dollars a year for adults and one dollar for children, severely restricting the usefulness of the facility.11

The library became an affront to many policy makers and social commentators of the time. Pullman claimed to be donating the library for the use of the masses yet he effectively limited its use to individuals with a significant discretionary income. Pullman did not feel a need to answer these critics and remained confident in his decisions. Pullman was resolute in the methods of his business and the methods of his giving. Pullman was the ambitious one with the tremendous fortune and therefore did not hesitate to implement his whims as policy.

One of the strongest and most articulate critics of Pullman's giving came from immigrant activist and Nobel Peace Prize Laureate Jane Addams. In an

essay entitled 'A Modern Lear' Addams describes the ego and self righteousness behind the gifts of many American philanthropists.

Addams saw these early philanthropists as leaders in a dubious business world void of ethical standards. The Robber Barons and others conducted their illicit dealings with impunity. Rather than a governmental reprimand, these business leaders often colluded with elected officials to guarantee a protection of their interests. In dealings with labor interest these businessmen showed they would pursue any policy to see their control persist. There would be no negotiation or settlement with union labor if there was any way to break the worker's spirit. Addams saw the business world as bereft of ethical standards of action; any policy could and would be pursued to maintain the corporate interest. These early businessmen ran their enterprise according to their own set of values and their philanthropy often expressed a similar attitude.

Addams saw the giving by many wealthy industrialists as efforts to impose morality and crush the identity and dignity of the worker. In reference to Pullman and others of his ilk, Addams said:

(their) conception of goodness for (the workers) had been cleanliness, decency of living, and above all thrift and temperance. (They) had provided (the workers) means for all this; had gone further and given them opportunities for enjoyment and comradeship... (But they) rather substituted for that sense of responsibility to the community a sense of gratitude to him himself, who had provided them with public buildings, and had laid out for them a simulacrum of public life.12

According to Addams, these wealthy men ascend the heights of hypocrisy as the money from unethical business dealings were going to support the public interest. These wealthy industrialists made their fortunes according to a credo of self interest and exploitation of the worker. Now that the rich had amassed their fortunes they found few things preoccupied them better and fed their ego more than philanthropic giving. These individuals only saw the bottom line as

business men and did what "felt right from the commercial standpoint, and could not see the situation from the social standpoint." Addams was one of the first to question philanthropic giving from these great industrialists and her criticism was echoed by contemporary thinkers such as Washington Gladden.

Washington Gladden was one of the most outspoken thinkers of the 'Social Gospel' during the late eighteenth and early nineteenth century. Gladden was an outspoken minister from Ohio who used his pulpit to decry the abuses of big business. Gladden's breadth of knowledge and commentary was comprehensive, but he dedicated several sermons and published works to a specific criticism of philanthropic giving from wealthy industrialists.

It was Gladden who coined the phrase 'tainted money' to describe the donations coming from unscrupulous industrialists. Gladden adamantly opposed institutions accepting financial gifts from the notorious 'robber barons' of the day. Gladden claimed the infusion of 'tainted money' into the public coffers polluted the public consciousness. These funds were an example of high hypocrisy because they were obtained by the abuse of the worker and were now being used to raise the status of that same worker and benefit society at large. Why did the industrialist amass the fortune through abusing the worker only to return the funds? Gladden saw 'tainted money' as a double insult: the worker was exploited by the industrialist and then the industrialists used these ill gotten gains to alleviate the workers suffering.

The greatest effort by Gladden against 'tainted money' came in 1905 when John D. Rockefeller donated $100,000 to the American Board of Commissioners for Foreign Missions. Gladden gave several sermons lambasting both Rockefeller for making the gift and the Board for accepting the gift. Gladden claimed the

13. ibid. 34.
Board's thanks for the gift represented an example of an institution bestowing honor on an individual it should rightly censure. Gladden claimed the gift came from, "a colossal estate whose foundations were laid in the most relentless rapacity known to modern commercial history and (Rockefeller) more perfectly than anyone else, (represents) the system of brigandoge by which our commerce has been ravaged for many years." These boisterous attacks were matched by several efforts to block the acceptance of the donation.

Several supporters of Gladden organized rallies and protests to the gift. The level of public scrutiny was raised and Gladden's efforts received sustained media attention. The news grew even more tantalizing when it was learned that the Board had actually asked for the money from Rockefeller and had subsequently tried to hide that fact. This news that the gift had been requested served to intensify Gladden's support and although the Board retained the gift the public scrutiny Rockefeller sustained served to strongly redefine public giving among wealthy benefactors.

At this point in the history of American philanthropic leadership we can note a significant change in emphasis. Through the era of big business and burgeoning industrialists the tradition of giving was based on the wealthy individual giving from his tremendous personal fortune. The projects which would receive support reflected the values of the individual and many large universities, libraries and public recreational facilities were funded. The projects were ostensibly for the benefit of the general public, but they also served to raise the image of the benefactor. Great universities as well as auditoriums, theaters and libraries were adorned with adulation for the generous benefactor who made the project possible. These great public facilities would serve the public, but they would also serve to iconize the benefactor.

15 Ibid, 246.
At the beginning of the twentieth century we see a distinct shift in the methods of philanthropic giving. The wealthy individual no longer allowed his wealth to be singularly traced to his own business reputation and personal wealth. The foundation began to emerge as a useful tool for the wealthy industrialist to disseminate his vast fortunes systematically and avoid the eye of public scrutiny. Most well known figures of industrial philanthropy eventually recognized the usefulness of the foundation and many new organizations such as the Carnegie Foundation and the Rockefeller Foundation were born.16

Foundations began to emerge as wealthy benefactors dedicated more time to their role as givers. The wealthy elite found it difficult to respond to all the requests for funds and needed to systematize their approach to giving. There needed to be a set of criteria and standards which guided the philanthropic effort. The foundation was seen as an appropriate tool for coordinating philanthropic efforts, taking time to accept requests, review proposals and solicit funds. Rockefeller explained these foundations would, "manage, with our personal cooperation, this business of benevolence properly and effectively."17 Rockefeller established his own foundation in 1913 and remained personally connected to it all his life. The foundation let wealthy individuals establish an apparatus of giving which would last through perpetuity.

In terms of the philanthropy of leadership we see a new paradigm in the popularity of the foundation. The early industrialists had supported projects that suited their notions of appropriate giving and the results were often a support of the arts and education while more immediate concerns of the masses were left to other agencies. The foundations took a more pragmatic look at philanthropic giving. Often the foundation offered gifts to small organizations dedicated to

public welfare and provided some badly needed fundamental services. The foundation often displaced the individual philanthropist and a system of checks and balances emerged. The influence of the individual giver was pronounced at the beginning of the 20th century, but there was a tendency to muffle the individual giver through a benevolent foundation.

Among wealthy philanthropists today there are remnants of the old patriarchal style giving as well new and more progressive gifts. There is still a support for the arts and museums, but there is also support for endangered species, racial equality and women's rights. Individual gifts still provide the greatest amount of benevolent gifts, but foundations have grown markedly in number and influence. All these factors have change the leadership dynamic among contemporary givers. The tradition of unchallenged individual discretion in giving has yielded to a more collective and inclusive style.

Research in Philanthropic Style

The latest research of the philanthropic relationship has strong implications for understanding the new leadership of giving. The older notions of hierarchy and personal discretion in giving have yielded to more inclusion and donor influenced giving. Researchers are understanding that the philanthropic relationship should challenge both the donor and recipient to be more creative problem solvers and seek the broadest level of community involvement. As these new theories of philanthropic leadership take hold they are challenging the tradition of highly directive giving.

The changes in philanthropic giving over the past century have led to increased academic research in the field. Social scientists have spent years studying trends and consistent truths in the nature of public giving. Within the past twenty years alone several trusts and foundations have sprung up in order to
study the activity of individual givers, trusts and foundations. These efforts are geared towards a stronger discernment of the most effective methods of giving, what techniques are used to solicit funds, and what level of involvement between donor and recipient works best. There have been several important works in understanding the nature of philanthropy, but one of the most comprehensive schematics for understanding has come from Susan A. Ostrander and Paul G. Schevish.

Ostrander and Schevish have a unique method of examine philanthropy, as a social exchange between giver and recipient. This is a new perspective because the traditional view has seen philanthropy on a linear model with the giver bestowing the gift and the recipient simply accepting it. According to this established model of giving, the power relation was one dimensional and rested firmly and unequivocally in the hands of the philanthropist. Traditionally, discretion of the benevolent benefactor was seen as the only significant variable.

According to the model introduced by Ostrander and Schevish, the benevolent gift does not occur in a isolated vacuum but rather in a system of complex social exchange. Rather than occurring as an independent event, the gift occurs in a complex matrix of influence, authority and control. The giver is not outside the realm of influence, rather there are several points which can sway the direction and size of the gift.

The giver can use discretion in terms of giving, but they want to give. If an individual or institution can package an effective solicitation they will have an advantage in securing a gift. If an individual or institution can exalt the giver or provide high profile adulation's they might satisfy a giver's need for recognition. If an individual or institution can immortalize the giver and provide recognition through posterity they might gain a family's favor. If an individual or institution works for the values of the giver they might secure needed funds. Each of these
situations demonstrate the power which rests with the recipient and proves the richness of the philanthropic relationship.

Ostrander and Schervish believe the, "focus on donors obscures the most fundamental sociological facts about philanthropy... that philanthropy is a social relation."18 The first step in understanding this dynamic is to consider philanthropy in relation to other social transactions.

In commercial transactions, the consumer creates a demand and industrial forces meet the demand. The demand is secured with money and a simple exchange is made between the consumer and product provider. If industry satisfies the consumer needs he will be rewarded with dollars.

In political transactions, the voters define the need and the elected official responds. The issues defined as politically important are backed with votes. If the politician satisfies the constituency needs he will be rewarded with a number of votes.19

The social exchange with philanthropy is unique from these other forms of transaction because the exchange is made on, "normative or moral or value terms."20 There is not a discrete unit of exchange between the donor and recipient. The recipient does not provide the philanthropist with money or votes, but a less tangible satisfaction of moral needs. The philanthropist is defined by a desire to fulfill a need and the recipient by the ability to satisfy the need. The ability of the philanthropic recipient to satisfy the moral need defines the extent of the recipient's power.

Although the recipient does have some power in the philanthropic relationship the donor is not threatened, "by the withdrawal of the media for

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19 ibid 69-70.
20 ibid 71.
expressing the need." In other words, the ultimate decision in philanthropic giving is defined by the giver. Although the recipient exerts some influence, philanthropy tends to be donor led. These considerations are used by Ostrander and Schervish to demonstrate the dynamic relationship between the donor and recipient and to re conceptualize the philanthropic relationship as a social exchange.

Research such as this helps redefine the leadership component of philanthropy and re conceptualizes the philanthropic exchange as more participative and cooperative. If the giver sincerely seeks to assist the beneficiary he should make the exchange as rich as possible by engaging the recipient. If the giver and recipient sincerely challenge one another there will be a greater opportunity for mutual growth. By accepting philanthropy as a social exchange we put the giver and recipient on more equal terms and promote the modern leadership ideas of mutual development between leader and follower.

We can see Ostrander and Schervish's social exchange model helps explain the methods of giving profiled in earlier section of the paper as well as contemporary givers. As we saw in the case of John Rockefeller, he wanted to give. The erection of grand concert halls and institutions provided a satisfaction. Rockefeller was distributing his wealth to support the American culture and he was initially lauded for his efforts. Rockefeller was gratefully thanked by the institutions which received his gifts and the exchange of money for moral self efficacy was maintained. As long as the institutions were able to grant Rockefeller a level of appreciation he found satisfying the philanthropic dyad was kept in tact.

Rockefeller's giving was truly benevolent and contributed to society, but the social exchange was a simple one. Rockefeller wanted the praise and self-
satisfaction of established institutions of scholarship and the arts, but did not deal with the roots of societal ills. Rockefeller simply distributed the money, he did not seek to engage the recipient in any meaningful way.

With the new foundations and changing values through the 20th century the social exchange of philanthropy has become more rich. Many contemporary giving institutions and individuals have shifted their philanthropy from maintaining status-quo institutions to starting new more progressive organizations. The social exchange of the late 20th century has shifted to a fuller engagement of the philanthropic leader and the recipient of the gift. Many foundations seeking social change mix, "some form of representative community participation as well as donor involvement in grant-making and policy matters."22 This mix adds to the social exchange that is philanthropic giving.

Contemporary Giving

Giving in the last several decades has evolved significantly from early philanthropic efforts, yet some key principles of the 19th century remain. A majority of gifts still come from wealthy individuals who give because of family tradition, noblesse oblige or a simple moral appeal, but the recipients of their gifts has changed. There has been a decreased emphasis for funding large public works projects and an increased emphasis on creative solutions to relieving social ills. The progressive foundations no longer fund the maintenance of the libraries and recreation halls but rather, "test new models for dealing with emerging needs, turn the best over to government, and then move on to fresh

fields." 23 We will see the progressive minded givers as leading the philanthropic movement for greater equality and justice while other givers maintain the traditional power and wealth structure.

Although many institutions maintain the traditional power structure seen through the late 19th century there are also many individuals and foundations that do support social agendas and have a major emphasis on creating a world of equality and justice. The efforts of these progressive philanthropic forces represent an acceptance of new leadership paradigms and the belief that philanthropic giving should be directed to benefit society at all levels.

One of the most widely recognized and well established foundations with an agenda of citizen empowerment and social improvement is the Ford Foundation. The Ford Foundation was established in 1936 by Henry Ford and distributed grants nearing one million dollars per year. In 1947 the estates of Henry Ford and his son were combined and the Ford Foundation became the largest foundation in the nation with assets of around $500 million. 24

As an institution, the Ford Foundation has always expressed support for equality and justice, but the organization has developed in its approach to reaching those goals. The Foundation defined several areas for action at the outset and articulated a commitment to promote world peace, freedom and democracy, to improve and expand educational facilities and to promote strong culture. These goals were very broad and allowed several different interpretations. How these goals were interpreted was most significantly a result of the board of directors. In fact, the evolution of the organization can be traced most closely to the changing character of the board of directors.


In the early years of the Foundation the board was a mostly comprised of deans of business schools and other academic or business interests. At this time there was a strong support for improving academic and economic institutions for society's betterment. By stressing support for the institutions, the board was effectively limiting gifts to traditional institutions. Over the course of several years the board make up began to change and the staff began to play a larger decision making role. As the board changed so did the emphasis of the Foundation and there was a greater concern for the peace and justice aspects of the Foundation's stated goals.25

The Ford Foundation became more proactive in support of social justice issues with support for controversial or unpopular causes and organizations. Some of the more notable causes to receive funding during the 1960s and 1970s were civil rights litigation, housing for the poor, women's rights and arms control research.26

The Ford Foundation has moved over the past fifty years to embrace and fully support problem areas that are too risky or politically volatile to receive governmental support. The Ford Foundation unabashedly accepts its role as a creative problem solving force and several other institutions have joined the Ford Foundation in support of unorthodox programs and organizations.

Another well recognized Foundation with progressive values has been the W.K Kellogg Foundation founded by the breakfast cereal magnate. The Kellogg Foundation was established in 1930 with an original contribution of $45 million.27 The Kellogg Foundation began as a more conservative philanthropic giving institution, but has lately been a strong supporter of rural health care, historically black colleges, youth development and international aid.

25. ibid, 28.
26. ibid, pp. 13-16.
One of the most activist minded foundations engaging the recipients is the Vanguard Fund founded by George Pillsbury, heir to the baking goods fortune. The Vanguard Fund developed during the early 1970s with a shift in societal values and a perceived need for grass roots organizing for nationwide problems. Vanguard's stated function is to, "support social change projects too controversial or too risky to find money at more conventional foundations." Pillsbury was not satisfied by the traditional philanthropic exchange and sought to bring the giver into the problem solving process.

Many foundation recognize that their resources are too limited to implement a nationwide program or policy. Instead the foundations offer grants to creative programs or researchers, hoping the infusion of funds will create energy and interest in new methods of dealing with old problems. This dynamic has worked a number of times with the foundations pioneering a project, perfecting it, and handing it to Congress for nation wide implementation.

The leadership demonstrated by these contemporary foundations can be sharply contrasted to the leadership seen among the philanthropists of the late 19th century. Many institutions such as the Ford Foundation have responded to new societal problems with an aggressive and inventive attack. Millions of dollars have been provided community groups in need of seed money for their programs of self improvement and inclusiveness. Institutions such as the Ford and Kellogg Foundations have challenged the early philanthropic efforts which were more authoritarian and autocratic. As philanthropy has progressed so has the richness of the social exchange and we see an increased engagement of the donor and recipient of the gift.

28. ibid,164.
Conclusions

The tradition of giving among the wealthy began well before the 19th century, but *The Gospel of Wealth* and other influences shaped a clear vision of giving. Carnegie and others saw America as a fertile land of opportunity which allowed any individual with enough tenacity and personal confidence to achieve greatness. Carnegie explained that wealthy individuals had an obligation to use personal fortunes to contribute to society's betterment and give back to a culture that allowed for personal success.

Carnegie's legacy of giving has remained with many wealthy Americans, but the scope of these gifts is rather limited. Of the largest philanthropic gifts in 1985, two thirds of them went to thirty one grant making bodies.30 The organizations which received the gifts were the largest grant making institutions and already had millions of dollars in assets. The grants that were given from these well endowed foundations often went to a support of the arts, museums, universities, scholarly research and the like.

Giving to well established and traditional institutions characterizes the bulk of philanthropic involvement among the wealthy. Among family legacies of wealth and the new rich, giving and involvement tends to be limited to contributing funds and board membership. A symbiotic relationship begins to develop between the wealthy giver and the institution which reveals the 'social exchange' discussed earlier. The institutions need the resources available through the philanthropist and the "foundations, and other charitable devices provide them and their families with authority, power, and the self-approbation that generosity bestows."31 This relationship of mutual support and adulation helps buttress the wealthy giver's power and social position.

31. Ibid. 4.
Challenging the conventional views of philanthropic leadership are the activist foundations and individuals seeking a relationship of mutual growth and benefit. The social exchange between the progressive philanthropist and recipients reflects the exchange seen between modern leaders and followers. There is a new emphasis on a leadership engaging the followers and encouraging self development. The efforts of progressive and reform minded philanthropists links the benefactor and recipient in a relationship of growth and mutual improvement.