

# THE J.W. MCCONNELL FAMILY FOUNDATION

## **Philanthropy in the Era of Globalization**

**Reflections by  
Tim Brodhead**

**President and CEO of The J.W. McConnell Family Foundation  
to "Community Foundations: Symposium on global movement"  
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In early December 2004, 180 community foundation practitioners from 34 countries met in Berlin for "Community foundations: Symposium on a global movement". Tim Brodhead, president and CEO of the J.W. McConnell Family Foundation, was invited to reflect on the role of philanthropy and foundations in the current global environment. Below is the text of his keynote address.

I have been asked to reflect on the role of philanthropy in an era of globalization. There's nothing new about philanthropy per se, of course. In its older form as charity it has existed as long as humans have had culture. It was expressed in the ways in which members of a community took care of their own, in the protection extended to the poor and powerless, and in the tradition of hospitality offered to the stranger. Examples are provided by the holy texts of almost all the world's religions: the righteous man was the man who had charity. In the Christian tradition this was the Good Samaritan, a parable which emphasized the individual act of caring for your neighbour. In the Muslim tradition, charity, or *zakat*, is one of the five pillars of the faith, but it is also a communal act expressed in the concept of *takafful*, the responsibility of each Muslim for every other Muslim. In Judaism there is *tzedakah*, which is more than charity; it connotes justice or fairness, giving the poor their due – an obligation incumbent on everyone. Buddha and Zoroaster point to charity as one of the cornerstones of a well-lived and righteous life; Confucius said, "It is the spirit of charity which makes a locality good to dwell in. He who selects a neighbourhood without regard to this quality cannot be considered wise."

What sets "philanthropy" apart from charity is its emphasis on purpose: to over-simplify, charity comes from the heart and expects neither recognition nor reward; it is gift in the pure sense. Philanthropy, on the other hand, is led by the head: it is deliberate and expects to see results. The form of philanthropy that many of us represent, that of community foundations, is a comparatively recent phenomenon, but as we can see, the roots of it extend a long way back. It shares with charity the notion that "philanthropy builds community", it is an expression of collective responsibility for the well-being of all, it enlarges the concept of community itself.

The other part of the equation, with a more recent pedigree, is *globalization*.

I don't want to enter into a debate here about whether globalization is good or bad, liberating or oppressive, the latest stage of the inexorable march of global capitalism or the last gasp of an economic elite seeking to control the entire world. Let us just agree that it is real, and that it is impacting most aspects of modern life, including the field of philanthropy.

Its impact on philanthropy is illustrated by this gathering which has brought us all to Berlin. We in various ways demonstrate the reality of an international network of grant-making organizations; in some respects we reflect similar values, beliefs, structures and ways of working (many of us are actually called by the same name, community foundations). But at the same time we express an extraordinary diversity: we come from different countries and cultures, with different traditions and attitudes toward charity and philanthropy. This is a good thing: if I have one message today it is that even as we celebrate what we have in common we must equally recognize the value of our differences.

## **Philanthropy**

Let me begin by dispelling some misconceptions about philanthropy.

First, philanthropy is not a replacement for government. This may seem self-evident to you but much of the research and writing about philanthropy tends to come from the U.S., which has a very different political culture from most of the world (even more of a truism since last month's election!). The vibrant tradition of philanthropy in the U.S., the sheer scale of many of its largest foundations and of the sector as a whole is mesmerizing. It is not surprising that it becomes the model and benchmark for much of what is happening in other parts of the world.

The American political culture is on the whole suspicious of government; in Ronald Reagan's phrase government is viewed as "part of the problem, not part of the solution". Americans as a people are remarkably generous in their support of a variety of public and community institutions that in other societies would be supported by the state. Furthermore, Americans match their distrust or skepticism of government with a corresponding willingness to allocate their own wealth to the support of education, the relief of poverty or the tackling of societal problems. One could argue that the relative role and power of the philanthropic sector in the U.S. is out of balance, that almost all social innovations now arise from a private interest and personal wealth; and indeed there is a lively debate going on now on this very topic. Some in the U.S. Congress are demanding greater regulation of foundations and not-for-profits, in part due to a few abuses and instances of misconduct by foundation and charity trustees and staff. Books

have explored the "politicization" of foundations and have alleged that the rightward march of popular opinion has been the result of a deliberate strategy of targeting grants to ideological think-tanks by highly conservative foundations and individuals.

In most of the world however, organized philanthropy is neither so large-scale nor so ambitious. It is seen as an instrument to do what government is unable to do, to meet particular needs, to explore new approaches to solving social problems, to channel individual generosity and initiative into improved wellbeing for all – these are important but cannot be confused with the overall responsibility of government to assure people's security and basic needs are met.

What is unique about philanthropy, in fact, is that it brings together personal choice and collective well-being. Its "value proposition", if you like, is the way in which it taps the private satisfaction of the donor (and there must be a donor, else there is no philanthropic act) and the meeting of important social needs. In a world of polarities – good/bad, right/wrong, rich/poor, mine/yours – philanthropy creates a bridge. It links the private and the public – personal *commitment*, *individual* initiative, *private* wealth **and** public good, *collective* responsibility, *community* well-being. It says, "We are not islands; we can choose, freely, to act for the common good".

It is not coincidental, of course, that the rapid rise of organized philanthropy has taken place at the same time as the opening up of formerly authoritarian societies. Many observers have linked the overthrow of dictatorial regimes with the rise of civil society around the world, of which public and private foundations are an important part. But that does not necessarily mean that governments and philanthropic organizations are in opposition to one another.

Much of our work can and should be complementary. Government provides the framework that allows civil society to develop and flourish. Philanthropic organizations provide the "social venture capital" to try new approaches, and they respond to the particular needs, the neglected issues, the vulnerable groups in society. But the problems which humanity faces today far transcend the ability of any single sector to solve: enterprises, governments and civil society must all be engaged. For civil society the choice is not between refusing to cooperate or being co-opted by the state. Our responsibility is to help build better governance structures, not to replace government; to make government accountable to the citizens, not to create an alternative power structure.

This brings me to the second point I want to make: that philanthropy is not a *substitute* for social justice. The two over-riding challenges of our time – the danger of ecological collapse and the persistent gap between rich and poor, the haves and have-nots, in virtually every society – cannot be met simply by more generous giving. What is needed

is something much greater, a generosity of the spirit. By this I mean an ability and willingness to embrace others, (and especially others – the stranger, the “different”, the “foreign”), and to see the world more as aboriginal people see it – not received as an inheritance from our parents but held as a trust for our grandchildren. As someone has described it, what we need is not to pour knowledge into people's heads but to grind a new set of eyeglasses so that we see the world in a different way.

The justice dimension runs deep in philanthropy just as it does in religious belief. But let's be honest, there is also much that is self-interested, elitist, comfortable with the status quo. This may be particularly true of community-based philanthropy. We know that communities are rarely homogeneous, that power is not evenly distributed, and that even the most open and accountable institutions tend to reflect the views and values of those with the greatest wealth and influence. Community foundations must constantly ask themselves, “are we representing our entire community, are we providing a space for all its members to contribute to its betterment? Do our priorities always reflect Gandhi's dictum that a society is judged by how it treats the most vulnerable among its citizens?”

The final misconception is that philanthropy is essentially about giving money. This is a very incomplete view. For most people, what they have to give is not money but their *time*. Lester Salmon in his book *Global Civil Society* compares rates of giving in 36 countries around the world. Not surprisingly, in looking at cash donations, the U.S. rates very highly (at about 1 percent of GDP, excluding donations to religious organizations), but when one includes volunteer time, some European countries and Tanzania rank higher than the U.S. We need to be reminded that philanthropy is not about the relationship between donor money and recipient project, but a relationship between people, the tangible expression of human solidarity and strengthening of community.

This is particularly relevant for community foundations struggling to amass funds and grow their endowments: private foundations often start because a wealthy donor has amassed a fortune; the challenge is what to do with it. Community foundations, on the other hand, have to build their endowments, which takes a lot of time and effort. Indeed, it can seem that nothing can be done until there is money in the bank. In fact, we need to remind ourselves constantly that money is just a means, not the end. The end is to build healthy communities, and community foundations do that by giving leadership; by providing a common space for people to meet, take stock of what they have in common and address problems; and to gather the resources – all the resources – they need to reach their goals. It may be that community foundations in Europe, which are as likely to be operating foundations as grant-makers, are in this respect better models for their counterparts in other parts of the world, particularly in countries where the threat of inflation makes permanent endowments suspect.

## **Globalization**

What impact does globalization have on philanthropy? It helps us to see the world in a different way. It enlarges our concept of community. The history of human progress is in large measure about how our notion of community has grown from the family to the clan to the ethnic or religious group we belong to, to the nation-state and finally to the emergent global society of which we are all part – with a corresponding increase in our sense of responsibility and shared destiny.

In an interconnected "globalized" world, all problems become everybody's problems: disease, conflict, pollution spread rapidly and affect each of us no matter where they originate. The scale of the challenge is daunting, and an easy response is to conclude that there is little that individuals can do. But stretching our perspective to embrace the world and our time horizon to hundreds of years, not just a decade or two, will not happen by government decree or spontaneously by the "hidden hand" of the market. All of us must be involved in bringing about this sea-change; there is no alternative.

That new technologies collapse time and space, allowing people to talk to each other and act together across borders and time zones, is not a novel idea. What is more striking is that while we talk about it, in general adults don't quite "get it". For the next generation however, it is not so much a new idea as a reality they experience. Young people are connected in a way that seems natural and organic. An organization based in Toronto called TakingITGlobal, which is run by twenty-year-olds, electronically connects over 80,000 (and growing by 5,000 a month) young people from 190 countries around the world. This global online community allows participants to meet, discuss, explore ideas, strategize and collaborate. A young person from the Ukraine can talk about his or her fears and hopes about the promise of political change, with someone from Latvia or Nigeria. Youth connect with others who share their interests, they access information, they conspire to create a better world. In the words of one participant, Haseeb from Afghanistan, "I have met so many great young people from different parts of the world. I started to have faith that I will not lack support, ideas, and help with whatever positive movement I start and whatever change I aim to bring about". (And to counter the charge that this form of electronic communication is accessible only to people in rich countries, it is worth pointing out that while the largest number of members are in North America, the second largest are in Africa!).

Expanding our definition of community means that we fix our sights not just on the local actions that we can take to improve things in our own neighbourhoods, but on the global problems of war, hunger, HIV/AIDS, poverty, the oppression of women. Some might well ask, "Don't these large problems overwhelm us, make us feel powerless?"

They can, but we need to focus also on the ways that philanthropy is responding – in the many small actions supported locally that together add up to real change, and in the larger initiatives, like the Gates Foundation program to develop vaccines to eliminate certain widespread diseases. The Treaty to Ban Landmines was launched by civil society and it succeeded because of the partnership forged between sympathetic governments and philanthropy-funded NGOs. The award of the 2004 Nobel Prize for Peace to Kenyan environmentalist and peace activist Wangari Maathai is a welcome tribute to the effectiveness of local grassroots action, supported by international foundations.

By collapsing space and time, making communications nearly instantaneous and creating networks of knowledge and shared values around the world, globalization has radically expanded the opportunities for effective philanthropy. Old patterns of a north-south interaction, with money and knowledge flowing in one direction, are being supplanted by more complex inter-relationships: northern and southern organizations collaborate through sharing resources and knowledge, and in this sharing much of the innovation and creativity come from the south. The [Ashoka Foundation](#), to give one example, identifies and funds a handful of exceptional “social entrepreneurs” each year – but those individuals, located in India and Brazil and South Africa and dozens of other countries, use their knowledge of local needs and possibilities to leverage system-wide change. According to a recent study, 59% of Ashoka Fellows have had national policy impact in their country, and the average Fellow is providing direct service to 374,000 people.

This epitomizes the catalytic effect of linking community knowledge and assets with global contacts, experience and resources. Philanthropy is also finding new forms: the boundary between economic enterprise and social mission blurs as not-for-profits launch revenue-generating ventures to diversify their funding and increase their autonomy. The Internet allows organizations to connect with funders directly through initiatives like Global Giving, which is an online “marketplace” for practical local projects seeking support. It was created by Pierre Omidyar, founder of E-Bay, based on the same principle of linking demand and supply electronically.

I do not want to suggest naively that the opportunities created by globalization are all positive. There is a shadow side too. Conflicts, particularly civil conflicts, often over resources and usually fuelled by easy access to arms, are characterized now by unprecedented brutality. In recent years foreign and local aid workers have been targeted for attack and kidnapping to the point that the very notion of disinterested humanitarian assistance to the victims of conflict is at risk. Meantime the fight against international terrorism is leading some governments to impose controls and restrictions on the use of philanthropic dollars that may stifle the trend to greater cross-border resource flows.

So, to conclude, how is globalization affecting philanthropy? The inspiration for human fellow-feeling and its expression in individual acts of kindness and generosity continue to feed philanthropy as they always have. But globalization challenges us to see the *whole world* as our community, and to understand that the injustices and environmental threats affecting others, affect us too. It forces us to see our world through new eyes. Fortunately, with this new realization comes a new capacity to *connect*, to *communicate*, and most importantly, to *act!*

This gathering is a reflection of that new global reality – an international network of people who share values, who exchange experiences, who come together to learn and to re-dedicate themselves to the effective use of philanthropy to build a more peaceful, prosperous and inclusive global community. I predict that in years to come community foundations, as an expression of that spirit, will grow in scale and number and will take on forms and activities that we can today scarcely imagine.