

## The Financial Patterns and Spiritual Meaning of Philanthropy For You and Your Donors

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### Descifrando la Filantropía

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*How will I use my wealth for deeper purposes when acquiring more wealth or a higher standard of living for myself and my heirs is no longer of high importance?*

### Introduction: The Need for Developing a Philanthropic Culture in Chile

Chilean society needs a cultural change on behalf of philanthropy.

1. This cultural change will lead to and result from a series of individuals discovering with liberty and inspiration to allocate income and wealth for the needs of others in addition to their family.
2. This requires a new moral biography or identity of allocation.
3. This requires a financial insight:
  - The recognition that the Chilean economy, their personal growth in wealth, and the education and morality of their children will provide enough economic well being for their heirs.
4. Equally, it requires a spiritual insight:
  - The appreciation that attending to a wider concentric circle of people in need (not just food, shelter and health, but also education, arts, and so forth) brings greater happiness (effectiveness and significance) for others and themselves simultaneously.
5. These insights require a process of contagion whereby those who have obtained these insights come into inviting contact with others personally and through the media.

### **I. Dramatic Growth in Wealth**

- Never before in history have so many people other than kings, warlords, tyrants, and thieves had so much wealth.
- Never before have so many people at such a young age achieved financial security/transcendence as opposed to financial dependence and independence.
  - **Wealth X report lists 71,000 US individuals with net worth of \$30 million or more, US Federal Reserve statistics estimates 879,000 households/families with net worth \$10 million or more.**

**FORBES, March 20, 2017**

- The number of billionaires jumped 13% to 2,043 from 1,810 last year, the first time ever that *Forbes* has pinned down more than 2,000 ten-figure-fortunes.
- Their total net worth rose by 18% to \$7.67 trillion, also a record.
- The change in the number of billionaires -- up 233 since the 2016 list -- was the biggest in the 31 years that Forbes has been tracking billionaires globally. Gainers since last year's list outnumbered losers by more than three to one.
- The U.S.-- 565, up from 540 a year ago.
- China --319. (Hong Kong has another 67, and Macau 1.)  
Germany --114 and  
India, with 101,

**South American Countries [not counting families]**

[Example of difference between individuals and households/families:  
US—12.5 million households with net worth or wealth \$1million or more,  
but 4 **million individuals**]

Chile	12 [at least 8 additional known billionaires Chileans]
Perú	5
Brazil	43
Colombia	3
Argentina	7
Uruguay	0
Paraguay	0
Venezuela	2
Argentina	0
Ecuador	0

**North America**

Mexico—10

Canada--30 [But from a different Canadian list there are **91 including families**

US—565 Forbes lists

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**FORECAST UHNW WEALTH 2015-2020 (US\$ TRILLIONS)**

Growth in World Wealth

2015-----\$30 trillion (226,450 individuals)

2017-----\$34.9

2020----- \$46.2 (318,400 individuals)

2015-2020 Average of over 10% Annual Growth Rate

SOURCE: WEALTH-X WORLD ULTRA WEALTH HIGHLIGHTS 2015-2016

## II. Financial and Moral Context—Keynes and Gates

### **A. John Maynard Keynes**

In his 1930 essay, “The Economic Possibilities for our Grandchildren,” John Maynard Keynes wrote about the growth in financial wealth and its implications for the growth in spiritual wealth. According to Keynes,

“The economic problem [of scarcity] may be solved, or at least within sight of solution, within a hundred years. This means that the economic problem is not—if we look into the future—the permanent problem of the human race [italics in the original] (1930 [1933], p. 366). “I look forward,” he continues “to the greatest change which has ever occurred in the material environment of life for human beings in the aggregate. . . . Indeed, it has already begun. The course of affairs will simply be that there will be ever larger and larger classes and groups of people from whom problems of economic necessity have been practically removed” (p. 372).

“When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of the many pseudo-moral principles. . . by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues” (p. 369). Although Keynes argues that a change in material environment will spawn a sea change in spiritual consciousness, he does not condemn as lacking moral compass those who continue to focus on generating wealth. For “the time for all this is not yet” (p. 372). Still he does insist that great wealth offers opportunities for a boarder and deeper horizon of aspirations and responsibilities.

It is Keynes’s aspiration that “The love of money as a possession—as distinguished from the love of money as a means to the enjoyments and realities of life— will be recognized for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease” (p. 369).

When individuals reach a level of subjectively defined financial security, there is the potential for a shift in moral compass whereby the accumulation of wealth ceases to be an end and becomes more fully a means to achieve other ends. Such ends may be retirement, providing an inheritance, pursuing a hobby, or enjoying more leisure.

The consequence of lifting economic necessity, will be that “for the first time since his creation man will be faced with his real, his permanent problem— how to use his freedom from pressing economic cares, how to occupy the

leisure, which science and compound interest will have won for him, to live wisely and agreeably and well” (p. 367).

But Keynes suggests an additional prospect, namely, a change in “the nature of one’s duty to one’s neighbour. For it will remain reasonable to be economically purposive for others after it has ceased to be reasonable for oneself” (372). The shift of wealth from an end to a means, then, is arguably the most significant transformation of capacity and character for individuals who have solved or are near to solving the economic problem.

## **B. 2015 Gates Annual Letter (reformatted for this use)**

### **Our Big Bet for the Future Bill and Melinda Gates**

Forty years ago, Bill and his childhood friend Paul Allen bet that software and personal computers would change the way people around the world worked and played. This bet wasn't exactly a wager. It was an opportunity to make computers personal and empower people through the magic of software. Some people thought they were nuts. But the bet turned out well.

Fifteen years ago, the two of us made a similar bet. We started our foundation in 2000 with the idea that by backing innovative work in health and education, we could help dramatically reduce inequity. The progress we've seen so far is very exciting — so exciting that we are doubling down on the bet we made 15 years ago, and picking ambitious goals for what's possible 15 years from now.

#### **Our Big Bet**

The lives of people in poor countries will improve faster in the next 15 years than at any other time in history. And their lives will improve more than anyone else's. We see an opportunity and we want to make the most of it.

We're putting our credibility, time, and money behind this bet — and asking others to join us — because we think there has never been a better time to accelerate progress and have a big impact around the world.

Some will say we're irrational to make this bet too. A skeptic would look at the world's problems and conclude that things are only getting worse. And we shouldn't lose sight of the fact that a handful of the worst-off countries will continue to struggle.

We can make fighting poverty a priority

But we think the next 15 years will see major breakthroughs for most people in poor countries. They will be living longer and in better health. They will have unprecedented opportunities to get an education, eat nutritious food, and benefit from mobile banking.

These breakthroughs will be driven by innovation in technology — ranging from new vaccines and hardier crops to much cheaper smartphones and tablets — and by innovations that help deliver those things to more people.

The rich world will keep getting exciting new advances too, but the improvements in the lives of the poor will be far more fundamental — the basics of a healthy, productive life. It's great that more people in rich countries will be able to watch movies on super hi-resolution screens. It's even better that more parents in poor countries will know their children aren't going to die.

We're excited to see how much better the world will be in 15 years.

**Here are some of the breakthroughs we see coming.**

1. One: Health Child deaths will go down, and more diseases will be wiped out
2. Two: Farming Africa will be able to feed itself
3. Three: Banking Mobile banking will help the poor transform their lives
4. Four: Education Better software will revolutionize learning
5. Conclusion A Call for Global Citizens (can sign up at Global Citizen)

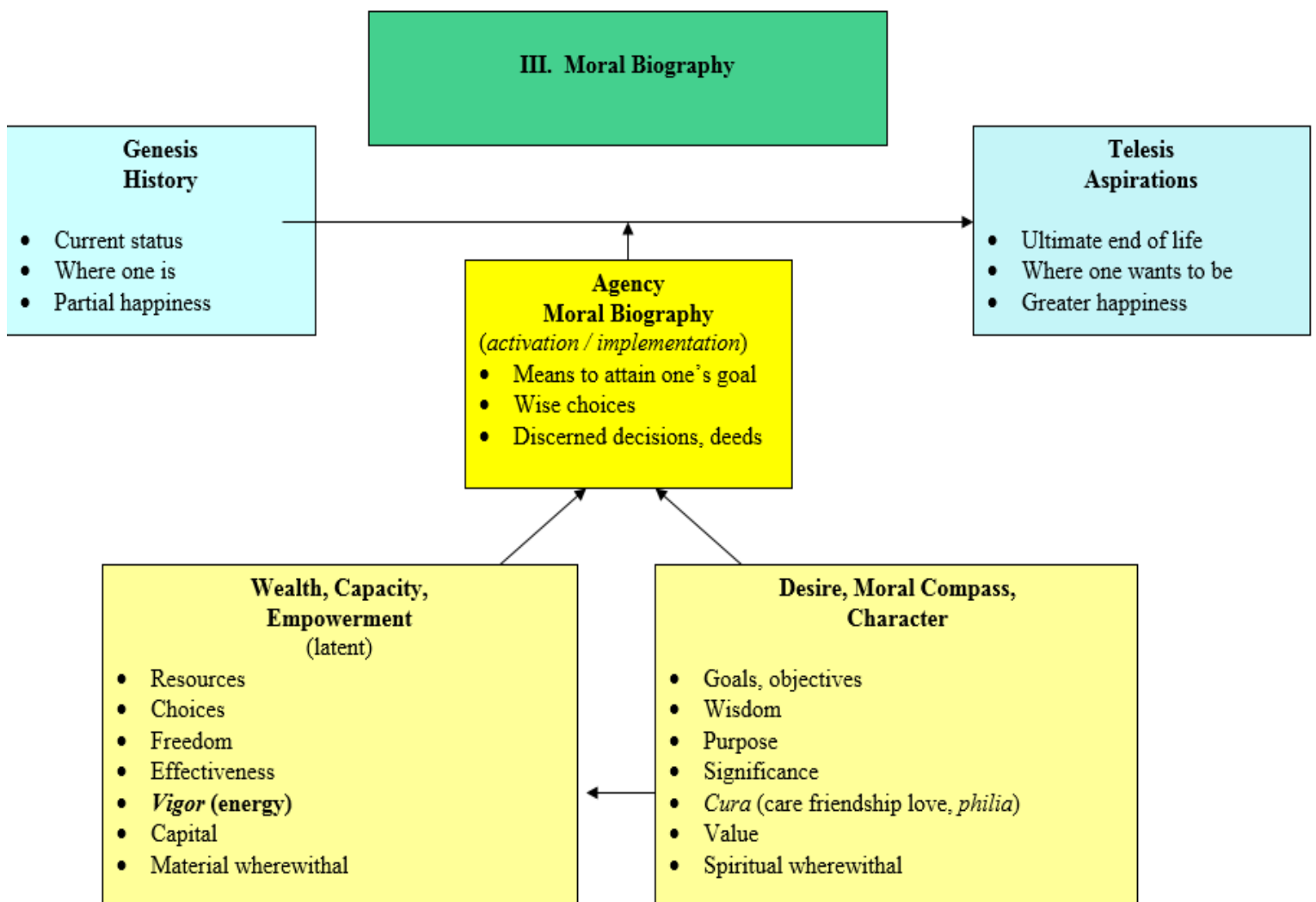
The more active global citizens there are the more progress the world will make.

#### **IV. Demand and Supply in Philanthropy**

- A. Key Question: How to increase the output of charitable giving
- B. Demand Side: Output is increased by enunciating need more effectively
  1. Emphasizes the role of intermediaries to
  2. Convince donors of need for their gifts
  3. Instill in donors a moral obligation to shift more expenditures to gifts
  4. Set appropriate standards for how much to give, what to give it for, when to do so, and through which vehicles
  5. Set norms for fundraisers in number of contacts and/or dollars raised

C. Supply Side: Output in increased by changes in the lives of wealth holders

1. Emphasizes changing circumstances of donors rather than the demand of needs
2. Charitable giving will increase over the next decades in excess of what we have estimated
3. Changes in preferences for allocations of wealth among taxes, heirs and charity
4. Increased wealth has the potential to make wealth holders more charitably inclined
5. Increasing material resources and spiritual motivations
6. Use of biographical conversations with donors.



## V. The New Physics of Philanthropy

In the new physics, wealth holders are viewed as collaborative agents who:

1. Are becoming more numerous, have higher net worth at a younger age, and increasingly recognize their financial security;
2. Seek out rather than resist greater charitable involvement;
3. Approach their philanthropy with an entrepreneurial disposition and mixed investment model;
4. View a charitable organization as an instrument for implementing their care instead of just viewing themselves as instruments for the charities to do good;
5. Human capital development: the distribution of productive capacity. Have as the objective of giving to a variety of causes as leading to development of human capital and intellectual capital
6. Focus increasingly on global causes
7. Understand and seek out collaborative efforts and other ways to leverage their philanthropy
8. Move their giving toward inter-vivos contributions;
9. Need to figure out “how much is enough” for heirs. Plan to limit the amount of inheritance for heirs;
10. Understand that caring for the needs of others is a path to self-fulfillment;
11. Make philanthropy a key and regular ingredient of the financial morality they observe and impart to their children;
12. View philanthropy as a way to achieve simultaneously the happiness of themselves and others; and
13. Consider business activities, assistance of family and friends, and production of socially useful products and philanthropy in root sense of meeting true needs and mutual nourishment.
14. Attend to the leading question about wealth for the 21<sup>st</sup> Century.
15. All giving is “planned giving,”

## VI. Two Terrains of Questions

- A. The Scolding Model—the demand side expressed with a demanding attitude (cajoling, guilt based, admonishing, extracting, dental—drill, fill, and bill

You are not giving the right amount,  
At the right time,  
To the right causes,  
In the right ways.

- B. The Inclination Model

Is there anything you want to do?  
That is important to do as an act of care for others?  
That you can do better through philanthropy than through government or commerce?  
And that enables you to identify with the fate of others, express gratitude for blessings, and achieve deeper personal happiness—  
i.e., effectiveness and significance—for yourself and others at the same time?

## VII. The Meaning of Philanthropy as Care and *Philia Society*

### A. Philanthropy as a Social Relation of Care or Strategic Friendship

- Les Miserables,
- Jules Toner, Aristotle (*philia*) Aquinas

### B. Commerce and politics as responding to effective demand

### C. Care as responding to affective demand—entreaty--

- definition of Civil Society as realms of affective supply and demand

### D. Philanthropy one social relation of *caritas*— attending to others in their true needs; one social relation of care where needs are attended to on the basis of the person in need---Aristotle on intermediate goals vs. ultimate purpose

### E. Business and Politics as *Philia*

What are ordinarily called benefactions—that is, gifts for beneficial uses—are, therefore, by no means the only benefits very rich men can confer on the community to which they belong. Any man who, by sound thinking and hard work, develops and carries on a productive industry, and by his good judgment makes that industry both profitable and stable, confers an immense benefit on society. This is indeed the best outcome of great riches.

Source: Charles W. Eliot, LL.D. President of Harvard University (1869–1909). *Great Riches*. Thomas Y. Crowell & Co. New York. September 1906

### F. Infinite Needs, Low Barriers to Entry, Philanthropy as Supply Led, Character and Insight of Donor

Experience seems to show that is difficult for a very rich man to give away intelligently and with enjoyment as large a proportion of his income as a man in modern circumstances can easily give away. . . . It is no easy task to select wisely object for great benefactions and to give money to the selected objects without doing injury. . . . It is easy to pauperize the individuals helped. It is easy to destroy their self-reliance and their capacity for productive labor.

CWE p. 22

### G. Charity begins at home—the concentric circles of care, the moral citizenship of care

- *philia* is “familiar”—family feeling extended in concentric circles



- consumption philanthropy
- adoption philanthropy
- munus suavissimum*—that most gentle burden

#### H. Engagement vs. Altruism

The quality of the self not the absence of self: “It is not self, but the excess of self that is [to be] suppressed. . . . To love is to abandon this self instinctively locked in isolation, in order to rediscover the genuine ontological self, which is necessarily the center of a whole network of relations.” (G. Gilleman)

### VIII. Three Classes of Persons—Spiritual Exercises of Ignatius Loyola

**Three Classes of Persons.** The meditation begins with a sketch of the scene. We learn, according to the translation by George E. Ganss, S.J., that each of three persons:

“has acquired ten thousand ducats, but not purely or properly for the love of God. Each desires to save his or her soul and to find God in peace . . . by discarding the burden and obstacle to this purpose which this attachment to the acquired money is found to be.”

Retreatants are then instructed to “ask for the grace to choose that which is more to the glory of the Divine Majesty and the salvation of his or her soul.” The points of the meditation follow:

*“The Person Typical of the First Class* would like to get rid of this attachment to the acquired money, in order to find God in peace and be able to attain salvation. But this person does not take the means, even to the hour of death.

*The Person Typical of the Second Class* also desires to get rid of the attachment, but in such a way that she or he will keep the acquired money; and that thus God will come to where this person desires. No decision is made to dispose of the money in order to go to where God is, even though that would be the better state for this individual.”

*“The Person Typical of the Third Class* desires to get rid of the attachment, but in such a way that there remains no inclination either to keep the acquired money or to dispose of it. Instead such a one desires to keep it or reject it solely according to what God our Lord will move one’s will to choose, and also according to what the person himself or herself will judge to be better for the service and praise of the Divine Majesty.”

Application: disposition, decision, deed—with liberty and inspiration—

## IX. Discernment—Becoming a Third Class of Souls

—Figuring out new choices about who we are with our resources—discovering wise choices (*phronesis*) for quality and not just quantity of allocation

- A. Disposition/Archeology—digging into meaning of life to discover rather than bow to command for what to do with resources
- B. Decision/Architecture—decisions about strategic allocation of resources: for self, family, others
- C. Deed/Artifact: implementation of decisions
- D. *Discernment* in the Ignatian tradition is a conscientious process of intellectual and emotional self-reflection by which individuals review experiences and capacities, clarify responsibilities, and implement decisions
- E. Addresses need of wealth holders for an inviting and effective approach to decide freely how much and in what way to conscientiously allocate their financial resources, in general, and to charity, in particular.
  - Allows duty to be self-discovered in an environment of liberty and inspiration, and hence to be more wholeheartedly pursued and sustained.
    - Liberty is the material and psychological freedom from unfounded assumptions, fears, and anxieties;
    - Inspiration is the array of desires and aspirations that motivate a commitment.
- F. Self-Clarification—The key ingredient missing from current efforts aimed at expanding philanthropy among wealth holders
  - Can be an informal process carried out by a self-reflective individual or a more formal process guided by an advisor or counselor.
    - Clarification of general financial capacity and charitable resources;
    - Clarification of broader moral purposes and charitable aspirations; and
    - Clarification about allocation to family—how much is enough.
    - Clarification of how to forge charitable resources and charitable aspirations into specific philanthropic practices.

## X. Mobilizing Experiences (processes experienced--not triggers or single words)

- A. Identifying with the fate of others as if they were my friends, family, and loved ones—“A friend is another myself” (Aristotle) *philia*, friendship love, care
- empathetic connection to the destiny of others as my destiny too
  - mutual nourishment
  - satisfaction: the path to sustained care

- B. Being Grateful—Wanting to “give back”
- as gratitude for blessing, gift, unmerited benefit

- C. Becoming a Hyperagent—a world builder  
—striving to make a substantial difference  
—extending productive capacity in life and philanthropy
- principality (spatial and temporal empowerment);
  - individuality (psychological empowerment)
  - playing the game vs. setting the rules

- D. Aspiring to meet needs directly  
“ideal” of doing something “unambiguously social.”  
David Hendricks (Respondent in *2001 High-Tech Donors Study*,  
<http://www.bc.edu/cwp>).

“I’ve always kind of rolled my eyes a little bit when I hear about do-gooders because I have this image in my mind—not grounded at all on any experience—they will be lightweight type of stuff, full of petty politics. So I’ve always steered away from the world of philanthropy or non-profit and pooh-poohed it somewhat. But there is a side of me that says that maybe I can tune in a little bit more and do something that is unambiguously socially positive and see how that feels. I would like to see how that feels and if I find myself getting up in the morning very excited about how I am spending my time, if indeed I do find something that is unambiguously socially positive. This is something that struck me really very profoundly: those simple pleasures of being a contributor and being able to map how those contributions fit into the larger scheme of things. Kind of the social welfare, if you will.” (Respondent in *2001 High-Tech Donors Study*, <http://www.bc.edu/cwp>).

- E. Experiencing Happiness:(effectiveness, compassion, significance)
- closing the gap between history and aspiration for self and others simultaneously

- F. Learning the Spiritual secret of wealth:  
 recognition of fortune and empathy for misfortune Attraction to wise choices  
 about wealth as a tool rather than an end  
 sensitized intelligence, liberty, and inspiration;  
 virtue: the habit of doing good

- G. Financial Security:financial security and the quality of needs

Thomas B. Murphy, an actuary, business owner, and wealth holder, has sought to conceptualize the usually implicit combination of financial and psychological reckoning that he and other wealth holders go through, formally or informally, in determining how much of their resources to donate to charity. He describes a process in which wealth holders determine a stream of resources; a stream of expenditures for self, family, and investment; and a stream of truly discretionary resources that is simply the positive difference (if any) between the stream of resources and the stream of expenditures:

“Given the generally accepted assumption that one provides first for oneself and one’s family and does so at some level of lifestyle, philanthropy enters into the decision-making process [in a more formidable manner] when the difference between the expected level of income, current and future, and expected level of expense, current and future, to maintain and enhance one’s standard of living is substantial and relatively permanent as measured by the subjectively determined criteria of the decision maker. . . . The extent to which this difference (discretionary income) between income and expense is positive quantifies the financial resources available for philanthropic activities. The extent to which this difference is perceived as permanent strengthens the case for allocating some of the resources for philanthropy. The extent to which the difference is positive, permanent and growing in magnitude enhances the philanthropic allocation”

- H. Human capital development:

- Knowledge (different from information) is the wealth of nations
- Education is the coin of the realm.

- I. Happiness:(effectiveness and significance)

closing the gap between history and aspiration for self and others simultaneously

- Experience that wise choices with liberty and inspiration about wealth as a tool rather than an end brings greater effectiveness and significance to you and others simultaneously

- J. Liminality and final death:

the recurring transformation of life

Not being able to avoid the following questions about money and death:

- what are the best and worst things wealth has done for you?
- for your spouse and children?

- for society?

## **XI. A New Vocation for charity leadership, Development Professionals, and Financial Advisors: Cultural Change**

- Closing the gap between history and aspirations for self, family, community, world

### **A Cultural Change**

1. A culture is the shared meanings producing shared identities within a bounded group.
2. Culture is not something existing “out there.”
  - It is the shared ways of thinking feeling and acting that other people embody and we pay attention to.
3. We do this by a process of socialization
  - we learn (sometimes inadvertently and sometimes purposefully) by internalizing in a more less reflexive manner what others like us are doing and what they think about us.
  - But culture is not just imposed or written upon us.
  - It is also constructed by us. This makes cultural change possible.
4. Cultural change comes about when individuals come into new rules or norms for self-identity.

### **B. How does this happen?**

- It occurs when enough people in a group we regard as like us communicate through actions or words an attractive and worthwhile new alignment for our thinking, feeling, and acting.
- And, upon self-reflection, we communicate to ourselves new ways of developing a new identity as an actor in our group.
- Hence cultural change requires individuals to be self taught
  - A teacher is only an instrumental cause—a means.
  - The actual effective cause is ourselves--learning a new identity from a new insight about ourselves and our moral biography.

### **C. Cultural change in philanthropy:**

**when enough individuals internalize a new set of meanings and practices by which they decide to change what resources to devote to what new purposes in philanthropy—a new aspect of their moral biography.**

1. will occur through a gradual social movement
2. more and more people talk to each other and provide examples for each other about their effectiveness and significance in philanthropy and about what societal needs they care about and could happily meet
3. Examination about what is enough wealth for self and family
4. Biographical reflection of mobilizing experiences such as identifications, gratitudes, and desire to do something that they can do better than government
  - Experimentation—starting small;
  - making engagement relatively easy
    - grateful student contribution to university or school
    - grateful patient contribution to health care
    - collaboration with existing philanthropist on a desirable endeavor
5. Establish a chapter of the Gates/Buffer Giving Pledge
6. Visit from renowned philanthropist (e.g. Bill Gates, Jeff Bezos, Warren Buffett, Mark Zuckerman for convening of HNWI individuals
7. Smaller gathering of ultra HNWI individuals with renowned philanthropist.
8. Establish a community of HNWI philanthropists through private meetings with individuals and groups.