Philanthropy's Role in Liberal Democracy

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Here is a contemporary social paradox: Modern liberal democracy rests upon a platform of a pluralistic civil society. Philanthropy, by providing vital resources, is an essential feature of that civil society. Yet philanthropy also plays an ambiguous role in democracy. Therefore philanthropy potentially both supports and detracts from democracy. This essay explores the nature of this paradox and its implications for the practice of contemporary philanthropy.

Definitional Issues

Neither “civil society” nor “democracy” has a single, universally accepted meaning in the contemporary world. In differing historical and philosophical contexts, civil society has been used to describe a broad spectrum of social phenomena—the realm of social activity separate from the family, state, and economy; a private sphere of action defended against the state; the collectivity of nonprofit and nongovernmental organizations; the arena in which social movements take place; and a society governed by norms of civility, among others.
Conservatives tend to emphasize the private character of these definitions, viewing civil society as a private domain often standing in opposition to the state. Liberals tend to emphasize civil society as the realm of social movements that can animate the state in the direction of progressive social change. For the purposes of this essay the definition of civil society, borrowed from that proposed by Helmut Anheier, embraces both of these senses while avoiding a specific ideological stance: “Civil society is the arena outside family, government, and market where people voluntarily associate to advance common interests based on civility.” I have discussed elsewhere an expanded version of this definition that comprises seven constitutive elements: private associations, philanthropy, the rule of law, a system of free expression, and norms of the common good, individual rights, and tolerance.

The concept of democracy has likewise been subject to widely diverse interpretations through more than two millennia of political and philosophical disputation. The original Greek sense of “rule by the people” has remained the core of its definition, but other, often oppositional, meanings have been proposed over time, including majoritarian, constitutionalist, representative, pluralist, populist, socialist, and republican senses, depending on the era and political context in which it has been invoked. Here democracy is defined in the modern sense of “liberal democracy,” incorporating fundamental notions of majority rule, political equality, pluralism, and protection of individual rights.

Civil Society and Democracy: A Complementary Relationship

The most widely accepted contemporary account of civil society’s relationship to the democratic state views civil society and democracy as complementary. Civil society forms the realm of private, voluntary action, while the state articulates and imposes common ends as public mandates: According to Post and Rosenblum, “Civil society is the realm of social life which, when viewed from the perspective of government, is characterized by plural and particularist identities. Government, by contrast, is an inclusive sphere, which, when viewed from the perspective of civil society, is characterized by overarching public norms made and enforced by official institutions. Civil society is a zone of freedom for individuals to associate with others and for groups to shape their norms, articulate their purposes, and determine for themselves the internal structure of group authority and identity. Government is a domain of common purpose and identity.”
In civil society citizens form opinions about public matters, combine for collective purposes (both narrowly and broadly conceived), and develop the civil capacities to participate in the democratic state. In this account, civil society both articulates the diversity of individual interests and develops consensus for pursuit of collective goods by the democratic state. The state implements majority views and takes mandatory action to achieve public ends.

This account reflects the dual character of the development of civil society in the West. Charles Taylor describes this as two streams of civil society thought: the “Locke-stream” reflecting the defense of the sphere of individual rights against the state and the “Montesquieu-stream” reflecting the supportive relationship of private interests in support of the achievement of collective goods by the state. Both streams have been present in the evolution of civil society’s relationship to the democratic state since the early modern era. They converge in Tocqueville’s description of the complex relationship between private associational life and the emerging democracy in America.

The Tocquevillian model of the relationship between civil society and the state, underlying much of modern discussion of liberal democracy, views private associational activity as an essential source of democratic opinion formation and political action. It also views private associations as a potential alternative and even threat to the state in the pursuit of collective goods, raising the question of, in Tocqueville’s words, how far “private interests harmonize with the general interest.”

For Post and Rosenblum, this question translates into the challenge of boundary-setting: “The boundary functions to set civil society and government in productive tension. It defines the pluralism and particularism of civil society in opposition to the inclusive and overarching norms of government. . . . [C]ivil society requires government to survive, and government, at least democratic government, draws deeply from the strengths of civil society.” Because of the dualistic character of civil society, this boundary is continuously being renegotiated. The particular balance between civil society and government is ever in a process of dynamic evolution.

Philanthropy’s Role

Philanthropy, represented by voluntary contributions of both time and money, plays a vital role in this model. Philanthropy provides the resource
to allow civil society to remain independent of both state and market. Despite the fact that philanthropy in the contemporary United States supplies an estimated one-third or less of the resources of the nonprofit sector, its support allows civil society to avoid overdependence on for-profit or governmental sources. Private giving protects the pluralism and freedom that Post and Rosenblum describe as necessary attributes of civil society in a democracy. This is true whether civil society takes on the “M-stream” or “L-stream” character, that is, whether it is viewed as supportive of or oppositional to the state.

But philanthropy can also play an ambiguous role, particularly when it takes the form of high concentrations of wealth controlled by few people. In this case, philanthropy becomes more than a supporting element for democracy by aiding pluralistic forces, nudging the state in new directions, championing alternative voices, or supplementing the state or market in the achievement of public goods. Through the power of wealth philanthropists can also become outsize players in the social policy arena, exercising significant influence in the provision of public goods and in shaping the direction of public policy.

Tocqueville himself had conflicted views about the consequences of philanthropic activity in society. Although the term *philanthropy* never actually appears in *Democracy in America*, he clearly admired the philanthropic spirit (as we would describe it today) that characterized voluntary associative activity in the United States. At the same time, he was skeptical of paternalistic “do-gooder” philanthropy that some of the wealthy indulged in as they sought to ameliorate social problems in potentially meddling ways. Thus, he captures the deep ambiguity that inheres in the practice of philanthropy in a democracy.

Tocqueville’s ambivalence about the role of philanthropy reveals that the debate about the question of unaccountable wealth exercised through philanthropy was hardly a new topic in American history. More than a decade before the publication of *Democracy in America*, the U.S. Supreme Court had ruled in the *Dartmouth College* case that honoring the contractual obligations to private donors’ giving to an educational institution took precedence over the state’s claim of a right to control of that institution because of the public purposes it served. The *Dartmouth* decision became an important landmark in establishing the legal perimeter and rights of private action and private wealth in engaging in action in the public realm in the United States.
The role of philanthropy in a democracy became more explicitly the subject of political debate in the early twentieth century when the question of the legitimacy of foundations became the target of a governmental inquiry in hearings conducted by the U.S. Commission on Industrial Relations. The Walsh Commission, as it was called, was convened by a Congress that had become extraordinarily wary of the rising power of the new holders of unprecedented wealth, particularly John D. Rockefeller and Andrew Carnegie. Rockefeller had already been denied a federal charter that he had sought for his foundations. The deep suspicion that the philanthropies of the industrial giants would be used in unaccountable, antidemocratic ways was expressed by Walsh’s warning that “foundations appear to be a menace to the welfare of society.” Nevertheless, the hearings ended inconclusively, and no legislative action followed.

There were periodic eruptions of concern about the role of unaccountable private wealth as exercised through private philanthropy throughout the twentieth century in the United States. Congressional committees of diverse political perspectives have expressed deep reservations about inadequate public oversight of private philanthropy, ranging from conservative suspicion of leftist influences in foundations in the 1950s; to concerns expressed by Democrats, particularly Wright Patman, about the insularity of private philanthropy from public oversight in the 1960s; to Republican criticism of lax financial controls in the first decade of the twenty-first century. While a few of these efforts have resulted in new regulatory measures, private philanthropy has been able by and large to sustain its substantial independence from governmental intrusion for more than a century. There appears to be a continuing democratic consensus to allow and indeed to encourage the growth of independent private philanthropy.

Those who have defended the importance of philanthropy in the democratic state have tended to rely on two primary arguments. First, the total amount of philanthropic funding in any modern society is small compared to government and for-profit resources (currently about 2 percent of GDP in the United States, with private foundations accounting for approximately 15 percent of that). Second, philanthropy’s positive effect of supporting pluralism outweighs whatever detrimental effects might flow from its lack of democratic control.

These are legitimate arguments. A response to the first, however, is that influence has as much to do with the type of funding as with the level. The
ability of private foundations to wield extraordinary social influence because of their control over discretionary funding in the social arena (most governmental funds are nondiscretionary) makes them significant actors in the public realm. Indeed, this is exactly the argument that those who champion “strategic” philanthropy make for the importance of leveraging funding to attain the maximum possible impact. But highly leveraged funding on behalf of social change immediately raises the questions of the locus of control over decision making and how the direction of that change is determined.

A prime example of the challenges posed by private philanthropy in steering social policy is the role of the Gates Foundation and a few other large private foundations in public education. Diane Ravitch describes the extraordinary influence that these foundations, particularly the Gates and Broad foundations, have wielded over American education policy during the past decade. As she notes,

The offer of a multimillion-dollar grant by a foundation is enough to cause most superintendents and school boards to drop everything and reorder their priorities.

And so it happened that the Gates, Walton, and Broad foundations came to exercise vast influence over American education because of their strategic investments in school reform. As their policy goals converged in the first decade of the twenty-first century, these foundations set the policy agenda not only for school districts, but also for states and even the U.S. Department of Education.  

Common to these approaches is a market-inspired stance that views school systems as aspiring to the model of corporate enterprises, including performance-based incentives, competition, choice, and businesslike management. Ravitch and others have raised serious questions about this market approach to education, in terms of both its efficacy in improving schools and, more important, its potentially distorting effect on overall educational goals. Ravitch is concerned that a billionaire who decides to weigh in on educational policy can become in effect the “nation’s superintendent of schools” without any accountability to an elected body or other source of critical oversight. Although education is perhaps the most visible field in which this dynamic of philanthropic influence has played out, similar questions about the relationship of donors’ influence to the democratic
process arise in most other fields of social policy such as health care, scientific research, the environment, human services, and the arts.

A response to the second argument—that philanthropy enhances the essential pluralism of civil society—is that this tendency has a downside as well. Exaggerated pluralism in the form of disconnected individual interests can inhibit democracy’s ability to achieve common ends. As David Sidorsky argues, self-directed philanthropy can exacerbate this problem:

The idea of moral pluralism generates a dilemma for the practice of philanthropy. Characteristically, the practice of philanthropy assumes unity, coherence, or convergence among the diverse virtues and moral aims that it pursues. . . . Historically, this reflects the place of a unifying religious vision of the nature of the good or of a secular conception of a public philosophy which recognized the common good. Even etymologically, the love of mankind suggests a single passion that is directed beneficently to the shared values of mankind.

The theory and practice of contemporary philanthropy is necessarily pluralistic, however, and it reflects the range of decisions by individuals with different interests and values in a pluralist, democratic society. The legitimated and recognized range of philanthropies in modern societies demonstrates divergent and even conflicting perceptions of the common good or the public interest. . . . [T]he tension and possibility of conflict is apparent. It suggests the formal dilemma: if philanthropic plurality is recognized, then the pursuit of some goals which could negate others is appropriate. Hence, the common good will not be served. 13

Sidorsky’s concern points to a broader dilemma facing modern democracy. The inherent pluralism of civil society, if not balanced by some larger sense of commitment to the common good, leads to a political process led by disconnected, competing individual interests, as described below. Ultimately, the results are political gridlock and the failure to attain important public goods. Philanthropy, in the form of autonomous large-scale donors, whether individuals or foundations, can increase these disintegrative tendencies. Thus, in addition to the thorny question of the disproportionate influence of private wealth in a democracy, there arises the problem of pluralistic fragmentation.
These dual concerns about the ambiguous effects of philanthropic giving in a modern democratic state create a dilemma for those who wish to contribute their wealth toward socially useful ends. On the one hand, philanthropic donations can aid important causes such as health care, environmental protection, education, and the arts. In supporting these causes philanthropic funds supplement government, give voice to those who lack their own resources, and strengthen the pluralism that is essential to a liberal democracy. On the other hand, the power exercised through wealth can exert undue influence in a democracy by determining the provision of public goods and setting social priorities. Along with a lack of public accountability, this exercise of power can run counter to the fundamental requirement in a democracy that the public agenda is subject to popular direction and control. Moreover, by enhancing the fragmenting power of individual interests, it can inhibit society’s ability to produce public goods. What, then, is the best course of action for philanthropy in a democratic society?

Frayed Democracy

Before seeking to answer this question, it is important to consider the condition of the modern democratic state. Many contemporary theorists have analyzed the detrimental influence of privatization and fragmentation on the political process. Matthew Crenson and Benjamin Ginsberg, for example, describe this trend as resulting in “the transformation of citizens into customers.” Contrasting the traditional notion of democratic citizenship with the modern conception, they remind us that “citizens were thought [in earlier eras] to own the government. Customers, by contrast, are merely expected to receive pleasant service from it. Citizens, moreover, are members of a political community with a collective existence created for public purposes. Customers are individual purchasers seeking to meet their private needs in a market. What is missing from the experience of customers is collective mobilization to achieve collective interests.”

They describe this as a general trend toward “personal” rather than “popular” democracy in which government becomes a vehicle for meeting individualized demands rather than a participatory decision-making activity. In this understanding democracy becomes a process that seeks to use “private interests to advance the public interest.”
But this privatized version of liberal democracy has great difficulty in addressing two fundamental challenges to the provision of public goods that all modern democracies face: (1) the problem of collective action and (2) the problem of value pluralism. The first is the fundamental dilemma of achieving collective goals that would benefit all but are frustrated by the self-interested behavior of the actors. In this case, despite the fact that there is a shared goal, such as slowing global climate change, the imperatives of interest maximization by individuals prevent the attainment of that goal.

The problem of collective action has been exhaustively analyzed from a variety of perspectives: Mancur Olsen’s classic, *The Logic of Collective Action*; Garrett Hardin’s “tragedy of the commons”; and the many iterations of the “Prisoner’s Dilemma” among them. Most vividly portrayed in Hardin’s “tragedy,” the incentives of individual benefit often lead to the destruction of common resources, such as overgrazing the land. The term is often used to explain why resources held in common by humanity, such as air and the oceans, are often abused, leading to global warming and ocean pollution. The logic of this situation is best captured in Todd Sandler’s phrase: “Individual rationality is not sufficient for collective rationality.”

In a society that views the primary duty of government as responding to individual demands, the problem of collective action becomes an enormous challenge. There is a reduced sense of the importance of proactive governmental action, including regulation; and without supervening regulatory authority the imperatives of individual interest maximization prevail, and the commons are abused or destroyed.

One potential resolution to collective action problems is offered by Elinor Ostrom in her work on solutions to situations in which common-pool resources are subject to competing demands. In *Governing the Commons* and subsequent work, she has identified conditions in which specific societies have been successful in creating self-regulating structures, independent of government mandates, that allow for the rational allocation of commonly held resources over multiple generations. In these cases she points to a central theme of civic cooperation as a solution to the problem of the commons. A key to the success of these systems is that their civil societies have been able to generate norms of generalized reciprocity and social trust sufficiently strong to reduce or eliminate the need for heavier legal regulation. Yet these are exactly the norms that appear to be in steep decline in modern civil society—a serious problem in the contemporary United States.
The second dilemma for modern democracy, the problem of value pluralism, is quite different from the first. In this case, the problem is not competing interests that detract from the achievement of commonly sought ends but fundamental disagreement on the collective ends themselves. The challenge therefore becomes not a classical collective action problem but, rather, one of finding peaceful mediation among fundamentally conflicting worldviews, famously expressed in Isaiah Berlin’s observation: “The ends of men are many, and not all of them are in principle compatible with one another.”

The problem of value pluralism lies at the heart of contemporary liberal democracy. William Galston, among many others, has explored in depth the dilemma of accommodating a pluralism of potentially conflict ing values and the need for common agreement on overriding collective purposes. In light of the fact that “both personal and political life regularly confront us with situations in which every option entails a sacrifice of a genuine good,” he advocates a policy of “maximum feasible accommodation” of the pursuit of diverse goods as individuals and private associations define them, within a framework that guarantees fundamental levels of human decency. To achieve this balance, however, a strong ethic of toleration is required, and this norm appears to be in decline along with the falling levels of social trust.

Theorists across the political spectrum have expressed concern about the transformation of the democratic process from collective decision making for civic purposes to a system for the satisfaction of privatized interests—from joint action of citizens to consumption by individual customers. Jean Bethke Elshtain, for example, has lamented that “the category of ‘citizen’ is a matter of indifference at best, contempt at worst.” And Crenson and Ginsberg warn, “The era of the citizen is now coming to an end.” In this change, democracy is transformed from a way of life into an instrument of customer need satisfaction. Commitment to the traditional democratic ideal is thereby weakened.

In the United States, the consequences of the weakening of the democratic process are apparent on many fronts: a steady decline in voter turnout over the past half century, manipulative use of the media, dramatic polarization of political rhetoric and behavior, dominant influence of money in campaigns, and gridlock at all levels of government. As I have argued elsewhere, the roots of this transformation can be found in part in the erosion of the norms and institutions of civil society and particularly
in the disruption of the balance civil society has traditionally maintained between its private and public purposes. If both civil society and liberal democracy are under duress, what resources does society then have to respond?

What Should Philanthropists Do?

Contemporary philanthropy tends to focus on specific problems such as curing diseases, protecting rain forests, and improving math scores. Although all are important problems, society’s ability to respond to them ultimately depends on the capacity of democratic government both to engage them and to generate solutions that gain wide public acceptance. If the democratic process itself becomes seriously eroded, society’s ability to resolve problems that require collective solutions is correspondingly undermined. In their efforts to focus attention on problems associated with specific social deficiencies, therefore, philanthropists may be overlooking weaknesses in the more fundamental civil and political framework through which such problems can be resolved.

Therefore a critical question becomes: How should philanthropy negotiate its role as a private player wishing to effect social change in a democratic society? My general answer to this question is that large-scale philanthropy needs to pay much more attention to the fundamental needs of civil society and the democratic state. To do so, the field needs to direct not only more resources to the substantive areas in which civil society requires strengthening but also more attention to the ways in which philanthropy itself operates.

Two substantive weaknesses of contemporary civil society, in particular, stand out as in need of strengthening. The first is the system of public communication and mass media. Although we inhabit a world vastly different from the one Jürgen Habermas has described as the eighteenth-century society of the “reasoning public” that sought to generate “legislation based on ratio” (admittedly an idealized aspiration even at the time), there still remains the fundamental ideal of a system of free, undistorted communication necessary for the public to function as a democratic electorate. The dramatic trends in recent decades toward the manipulation of public opinion through managed messaging, proprietary polling, and financial
control of the vehicles of mass communication have steadily undermined the ability of the public to converse with itself. The result has been a stark decline in open, reasoned communication on social and political issues that is essential to a democracy.

Neither the for-profit nor the governmental sector is in a position to reverse this trend. The market is not designed to produce a public good like robust, rational civic communication, and government is limited in its ability to intervene in this arena for obvious reasons. Philanthropy, by contrast, has an exceptional opportunity to direct resources to the improvement of the means and content of public communication. By strengthening this constitutive element of civil society, philanthropy could make an important contribution to improving the democratic process. Yet foundations and major individual donors appear reluctant to venture into this arena. While a few foundations have provided support for initiatives to improve the mass media, only a tiny number have allocated significant resources for this purpose. The reasons for this lack of attention will be further explored below.

A second important feature of civil society that has declined in recent decades is a normative commitment to the common good—what Robert Putnam has described as a weakened norm of “generalized reciprocity.” Throughout the course of American history the idea of the common good has provided a balance to the strong tradition of championing individual rights and interests. In recent times, however, as Putnam and others have documented, the balance has tilted in the direction of the maximization of individual interests, with a corresponding long-term decline in social trust and reciprocity. The decline includes diminished trust in government and the political system, which in turn creates further impediments to the achievement of common civic purposes.

Again, philanthropic foundations have been reluctant to venture into the broad realm of strengthening the underpinnings of American civil society—in this case through programs that would seek to build support for the norm of the common good—although a few funders have supported programs designed to advance the related causes of civic education, political participation, volunteerism, and civic collaboration. As in the case of the mass media, philanthropy appears to be generally averse to engaging in programs and agendas that could address fundamental deficiencies in civil society and democracy.
The primary reason for this aversion lies, I suggest, in the powerful trend in philanthropy toward discrete problem solving that seeks to combine the “scientific philanthropy” of earlier eras with the model of business investment that has gained prominence in more recent times. This combined “science/business” model views philanthropic support as investments designed to apply resources under controlled conditions (raising the question of the degree to which variables and inputs in social problem solving can be controlled) that produce specific outcomes, the efficacy of which is then assessed. Much of this vision is incorporated into the approach of those who champion “strategic philanthropy,” the idea that carefully targeted investments will produce calculable increments of social change. The language of the field increasingly reflects this orientation: investments (rather than grants), value-chain, scaling up, impact, branding, performance metrics, bottom-line, measurable outcomes, theory of change, entrepreneurship, logic model, market segment, benchmarking, reengineering, and similar terms drawn from the scientific and business worlds.

This approach, which seeks to marry the predictability of applied science with the efficiencies of business, has serious flaws when it is applied to the value-laden, interactive world of social change. There has been a long history of critical analysis of the epistemological and ethical problems of such attempts to transfer frames of reference designed to control and predict natural phenomena to the quite different world of human action. A compelling recent version of this critique appears in James Scott’s brilliant *Seeing like a State*, in which he contrasts classic failures of large-scale attempts to apply theoretical and technical knowledge (*episteme* plus *techne*) to the problems of society with the more appropriate and successful use of *mētis*-based knowledge. *Mētis* is knowledge derived from practical experience that involves the exercise of judgment rather than calculation. According to Scott, “[*Mētis*] is the mode of reasoning most appropriate to complex material and social tasks where the uncertainties are so daunting that we must trust our (experienced) intuition and feel our way.”

The adaptation of the science/business model (combining Scott’s *episteme* and *techne*) to contemporary philanthropy has three detrimental consequences for philanthropy’s role in democracy. The first is growing instrumentalism—the tendency to view philanthropy as merely an efficient means to attain a predetermined end, rather than as a broader way of engaging in the social world with its own values, interests, and incentives. The instrumental approach emphasizes efficiency and effectiveness, with
the assumption that it is possible to trace linear causal connections between increments of funding as inputs and increments of social results as outputs. The concept of “social return on investment” expresses the central idea of this approach in capsule form.

Attempting to generate specific social outputs as a result of discrete financial inputs, however, faces enormous practical obstacles in seeking to address the problems of society, the most prominent of which are the innumerable variables involved in social change, philanthropic funding as one among many inputs, and indeterminate time horizons. Most important for this discussion, however, is the fact that instrumentalism also tends toward directive, top-down decision making that presumes predefined outcomes determined by the investor. The goal is to achieve a measurable change resulting from a particular allocation of funds, implying that primary control resides in the hands of the investor, with little input by the recipient organization. The model for this approach to philanthropy is the financial investor who sets financial targets without consideration of whatever may be the particular goals and aspirations of an investee. This magnifies the power of wealth at the expense of democratic control.

The second trend in this form of philanthropy is a failure to take into account the reflexivity of social life. Philosophers have long understood that “reflexivity”—the interactive nature of social knowledge and action—is fundamental to the interpretation of human action. In the absence of universally accepted, objective descriptions of human intentions and goals (the pursuit of which was long ago abandoned by philosophers and scientists), intersubjective determination of meaning becomes the basis for understanding human communication and action. Beyond its philosophical import, understanding reflexivity has powerful practical social consequences, as George Soros has described in his analysis of the role of reflexivity in financial markets. Soros points to the Asian financial crisis of 1977–99 as an illustration of investors ignoring the reactions of other financial players at their own peril.25

In philanthropy, failing to take reflexivity into account implies unilateral definition of social problems and solutions. Such a stance reinforces the sense of control of those who dispense philanthropic funds and discourages the interactive shaping of social program agendas by donors and recipients. In this mode, philanthropists presume that their investments are essentially linear and unidirectional instead of a process in which donor and recipient engage in an ongoing dialogue about both the means and the
ends of the intended social change. The process then becomes reduced to one of efficient resource management rather than democratic interaction.

Third, by increasing the emphasis on private market-like decision making in the provision of public goods, the science/business model reinforces the concept of private determination of important matters of public interest. As Diane Ravitch observed in the championing of charter schools by private philanthropists, the flow of funder-led support toward privately controlled institutions increases the drain of resources and advocacy from public institutions. The process thus becomes a self-fulfilling prophecy validating (by virtue of the new resources available to them) that private modes of filling societal needs are superior to public ones. And the market, with its associated characteristics of competition, consumer choice, and fragmentation, rather than collective decision making, becomes the model for addressing public needs.

In sum, the three trends in philanthropy that characterize the science/business model exacerbate the existing tension between large-scale philanthropy and democracy. This is not to argue that targeted problem solving through the scientifically guided business model produces no social benefits. Certainly such targeted programs as bed nets for the prevention of malaria, microcredit, foot-driven water pumps, new playgrounds, and environmentally certified wood products have had positive results. When, however, the instrumentalist trend becomes a dominant force in philanthropy, it comes to define the self-understanding of the field—from one in which civic actors engage in a mutually formative process with other civic actors about social change in a democracy to one in which fund managers direct their resources toward the highest return on investment. As the field moves further in the science/business direction, the problematic nature of the exercise of philanthropic wealth in a democracy becomes more acute.

If current trends in philanthropy tend toward increasing the field’s antidemocratic tilt, what should foundations and other large donors do? Two primary paths are open to counteracting these trends. The first concerns how foundations do their work. Rather than accept the science/business model as the best method of doing philanthropy, foundations can adopt the stance of participants in an interactive process of social change. This implies moving away from the presumption of a linear relationship between invested dollars and quantifiable return on investments and embracing the idea of participating in a process of incremental, interactive social change. In education grant making this might mean, for example, that in place
of stipulating specific levels of improvement in standardized test scores, foundations would engage with school boards, teachers, parents, and students in a process of co-determining the best educational goals and methods of attaining them. While attention to test scores might be one result of this process, it would likely be part of a larger picture of educational goals. This approach implies much greater involvement by potential fund recipients and others in helping shape foundations’ decision-making processes. This same participatory approach would apply across the board in other fields of grant making and in defining the overall goals of a foundation.

A second step would be for foundations to pay greater attention to the substantive needs of civil society. If civil society supplies the platform for liberal democracy, weakened civil society implies weakened democracy. Two fundamental pillars of civil society, as noted above, have experienced serious erosion in recent decades: the mass media as the primary vehicle of communication about civic affairs and the norm of common civic commitment expressed as public attitudes toward the idea of generalized reciprocity.

Although a few foundations have funded a limited number of programs addressing these problems, the scale of these issues substantially exceeds the resources devoted to them. For example, the declining viability of major newspapers presents a major challenge to the quality and quantity of information available to the public about civic affairs. Neither the for-profit sector (market forces are actually a major contributor to the problem) nor government (increased politicization of the media would be universally unacceptable) offers promising solutions. Philanthropic support, through endowments or other forms of subsidization, could, on the other hand, help revitalize the news media, as a number of successful experiments have already demonstrated. Related areas that could benefit greatly from additional philanthropic support are professional journalism, government transparency, deliberative polling, and the use of new communication technologies for civic purposes.

Similar opportunities present themselves for philanthropic support for enhancing civic commitment and advancing the norm of the common good. Programs aimed at increasing civic engagement and volunteerism and improving civic education have demonstrated success in countering the trends of declining social trust and disconnection from the public arena. Tocqueville’s observation of the importance of civil society in constituting citizens in a democratic state has long had resonance in American civic life.
Participation in nonprofit associations, however, as Elisabeth Clemens and others have argued, can also move in either direction—toward greater civic involvement or away from it—depending on the framing of the work of the organization. Philanthropy can help shape this framing on behalf of encouraging greater attention to activities that strengthen the norms of social trust and the common good.

Philanthropy’s role in liberal democracy has always been complex and ambiguous. Modern trends in the field, however, particularly those expressed in the science/business model, tend to exacerbate philanthropy’s antidemocratic tendencies because they increase the control and directivity of wealth. Alternative procedural and substantive responses are available for philanthropy to enhance democracy. By strengthening civil society’s capacity to advance democratic practice and participating in the process more as engaged civic actors than as directive investors, philanthropists can contribute importantly to the reinvigoration of democratic life.

NOTES

1. This is Helmut Anheier’s definition employed by CIVICUS, “The CIVICUS Civil Society Index: Proposals for Future Directions,” in V. Finn Heinrich and Lorenzo Fioramonti, CIVICUS Global Survey of Civil Society, vol. 2 (Bloomfield, Conn.: Kumarian Press, 2008), 27–35.
12. For example, Ravitch observes that “given the foundation’s significant investment in advocacy, it was improbable that anyone would challenge Bill Gates and tell him his new goals were as likely to be as ill advised as the $2 billion he had poured into restructuring the nation’s high schools” (ibid., 212).
15. Ibid., 219.
20. Crenson and Ginsberg, Downsizing Democracy, x.
22. Putnam describes generalized reciprocity as: “I’ll do this for you without expecting anything specific back from you, in the confident expectation that someone else will do something for me down the road” (Bowling Alone, 21). He argues that there is a close correlation between attitudes of generalized reciprocity and social trust and that both have been in significant decline since the 1970s.
23. James Scott, *Seeing like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998), 327. Two other classic discussions from quite different traditions of the problem of transferring frames of reference are Gilbert Ryle’s concept of a “category mistake” in *The Concept of Mind* (New York: Barnes and Noble, 1949), 16, and Jürgen Habermas’s discussion of the “colonization of the life-world” in David B. Thompson and David Held, eds., *Habermas: Critical Debates* (Cambridge: MIT Press, 1982), 280–81, along with his earlier analysis of the distinction between monologic and dialogic approaches to knowledge and understanding in *On the Logic of the Social Sciences*, trans. Shierry Weber Nicholsen and Jerry A. Stark (Cambridge: MIT Press, 1988). A more recent critique of reductionist approaches to the interpretation of human action is that of Michael Taylor (himself once a proponent of Rational Choice theory), who argues, “In assessing and acting on reasons, we exercise distinctly human capacities. To treat people as always ‘rational’ in the sense of Rational Choice theory—to treat them as, in effect, members of another species *Homo economicus* (as economists do, not only in their theories but also in their practice, as when they conduct and endorse the cost-benefit analyses that are now widely used by governments in the making of public policy and that are in some cases used by governments and corporations to determine the fates of entire communities and ways of life), is to deny them their humanity.” Conversely, he points to the superiority of complex interpretations of human action: “What these interpretations have in common is the idea that a person’s connections to other people, places, practices, projects and principles, and the narratives and self-understandings of which they are a part, and the ideals that in part define them and to which they give expression, can directly provide compelling reasons for action.” Michael Taylor, *Rationality and the Ideology of Disconnection* (Cambridge: Cambridge University Press, 2006), 52–53.

24. Robert Payton has been a leading proponent of viewing philanthropy as a morally grounded way of life with its own “coherence, sense of direction, and abiding values” (*Philanthropy: Voluntary Action for the Public Good* [New York: Macmillan, 1988], xvi).
