Philotropy’s Current Paradigm Shift

**OLD PARADIGM — 20TH CENTURY**

**Technology:**
- Telephone
- Snail-mail
- Printing on paper

**Economy:**
- National, post-World War II manufacturing, stable, steady-growth, large national corporations, local-community oriented

**Institutions:**
- Large private foundations lead and professionalize the field
- Community foundations multiply
- Large national corporate charities, some federated, industrialize fundraising by direct mail and telemarketing
- National professional associations created for grant-makers, fundraisers, and charities, dividing philanthropic community into separate constituencies
- IRS-based data confounds and confuses charities with “non-profits” — hugely inflates numbers
- National Taxonomy of Exempt Entities (NTEE) sorts into smaller interest groups named idiosyncratically, not logically or systematically

**People:**
- Professionalization makes philanthropy highly technical, dominated by social science-trained professionals and technical, procedural lingo

**Practices:**
- Industrialized mass fundraising by telemarketing and direct mail
- Donors not represented by national institution. Independent Sector formed to represent everybody, but actually composed of national foundations
- Grant seeking and fundraising become sales transactions, increasingly competitive and adversarial, pitting fundraisers against grant makers and donors

**Culture:**
- Social scientific; social engineering, purporting to attack roots of problems; vocabulary is technical
- The word and concept of “philanthropy” falls into disuse

**Rhetoric:**
- Inadvertently negative and moralistic: “Giving back,” “Giving away,” through “non-profits,” or “tax-exempt entities” in the “third sector” to the “disadvantaged” and “needy.”
- Generosity = how much one gives.

**Results:**
- Giving = <2% Gross Domestic Product and Adjusted Gross Income
- Only 25% of taxpayers Itemize Charitable Deductions
- Less than 20% of estates over $650,000 make charitable bequests
- 5% of largest charities get 80% grant dollars

**NEW PARADIGM — 21ST CENTURY**

**Technology:**
- Information and communications revolution with computers and Internet
- Global, universally accessible, telecommunications
- All charities become visible and accessible by everyone
- Multimedia, hand-held devices, social networks, crowd-fundraising
- Widgets enable frictionless, instantaneous one-click grants and donations
- Unlimited, low-cost, databases and spreadsheets enable “Big Data”

**Economy:**
- Global, high-technology, service economy
- Rapidly expansive, innovative, generating huge new wealth
- Old companies merging to take advantage of global markets
- Corporations less local-community oriented

**Institutions:**
- New mega-foundations, with new styles, bring new leadership
- Donor-advised funds rapidly grow and multiply
- Innovations abound; Internet speeds-up communications and eliminates geographic impediments, reducing need for national top-down associations and conventions, and creating new online professional networks (e.g., LinkedIn)
- Decentralized virtual philanthropic communities emerge in cyberspace
- Internet promotes systematization — e.g., of data systems, taxonomy of fields, searches for and direct access to all charities
- Leading national donor-advised funds (NDAFs) develop virtually complete, donor-based, charities datasets, systematically taxonomized for donor education, liberating philanthropy from IRS-based confusion and matching with “nonprofits”
- NDAF donor datasets enable new depth and breadth in statistical analyses of donor behavior

**People:**
- New wealth-creators emerge as risk-taking donor-investors, and explore unconventional modes of giving and volunteering
- Major donors are younger, systematic, data-driven, quantifiers. They reject the negative vocabulary, conceptualization, and rhetoric of the Old Paradigm
- Want constructively to improve the human condition, more like the classical concept of philanthropy

**Practices:**
- Promoting increased giving and philanthropy itself
- Donor education; venture philanthropy; giving circles; e-philanthropy
- Social network systems; collaborations in and among constituencies and sectors
- Professional community broadens to include philanthropic advisors, scholars, and media

**Culture:**
- Humanistic and social-scientific self-development for both donors and beneficiaries; social scientific tools for explicitly humanistic ends
- Use of the word and concept of “philanthropy” is revived.
- Classical humanistic culture of philanthropy seen as quintessentially American — informed building Colonial society, the Revolution, the Constitution, anti-slavery, and women’s suffrage movements

**Rhetoric:**
- Constructive appeal; “Donor-Investors”, “Making a difference,” quantifiable impacts, “social change,” and “charities”
- Generosity = relation of giving to wealth

**Results:**
- Too soon to tell—combined factors above will drive significant increase

The paradigm-shift depicted above is in progress. The “New Paradigm” column is, therefore, a projection—not just of certainties, but also of what seem to be probabilities. This chart’s purpose is to encourage and assist future planning.

How will this historic shift affect your institution and practice?

**Glossary:**
- Philanthropy: Private initiatives for public good.
- Paradigm-shift: Total transformation of a mature field.

George McCully — Catalogue for Philanthropy - © 2015
[For more information: gmccully@chl-ma.org]