The Anti-Donor

The new art of conspicuous non-consumption

It's as cutting-edge as giving gets—and both a warning and a threat to those still doing business as usual.

I was in Paris last June when the stunning announcement was made in New York. Warren Buffett, the world's second-richest person, was giving about $31 billion—85 percent of his fortune—to a charity named for the first-richest and his wife, the Bill and Melinda Gates Foundation.

Though the Faubourg St. Honore beckoned, I was glued to the TV in our room at the Crillon. This was the Super Bowl of Generosity. CNN International broadcast the press conference live and in its entirety. David Rockefeller, the last-living child of John D. Rockefeller, Jr., the generous giant who inspired Gates and Buffett, consecrated the moment with his presence in a front-row seat at the announcement.

ILLUSTRATION: MICHAEL WITTE

The next day, the fawning continued. *The Washington Post* registered the seismic shock of "the new face of philanthropy…a charitable foundation unlike any the world has seen." Predictably, the protagonists were more modest. Asked by PBS interviewer Charlie Rose why he chose Gates, Buffett said he wanted his money used effectively and intelligently. Gates allowed that yes, he might indeed be onto something new: "being incredibly results-oriented." Truth is, Buffett's announcement made visible to the masses what had already emerged after 9/11: a new, power-giving elite that's rewriting the rules of philanthropy by turning compassion into a spectator sport.

To be sure, some of this is a function of rising wealth: the rich are getting richer, and so, it's ever-harder to keep up with the Joneses, i.e. the Gateses and the Buffetts. The 2006 *Forbes* 400 list, for the first time, didn't include a single millionaire: all were worth billions. So how to trump the Trumps when splashing out on bigger houses, longer yachts, and bigger bling? New ways to get noticed are needed.

The Everest of exalted status in today's land of ultra-luxury is conspicuous non-consumption. Having built their mega-mansions, filled their garages with Maybachs, and sailed the Seven Seas on their super-yachts, they're making philanthropy fashionable again.

But though multi-billion-dollar endowments (such as those engorging the Bill and Melinda Gates Foundation and the Milken Foundation) are certainly conspicuous, they're not enough. Today's new philanthropists are keen to differentiate themselves with visible results. The real laurels go to those demonstrably making a difference. Bottom line? If you think a $10 million museum wing is still a potent symbol of altruistic clout, here's some news: the new anti-Donors' P-word is much bigger than yours. (That's P-as-in-philanthropy. But you knew that, right?) Woe be to those Old Order stalwarts who can't prove their investor-worthiness in a 30-second elevator speech.

And these new anti-Donors are on a roll. Their approach to giving has many names. Venture philanthropy. Social investing. For-profit philanthropy. Social entrepreneurship. Philanthrocapitalism.

Critics, who worry that an arrogant, out-of-control philanthropic Enron might be on the horizon, call it vanity philanthropy. But I think of it as My Way philanthropy, encompassing all others.

If you think a mere $10 million museum wing is a symbol of your altruistic clout, I've got news for you: the new donors' P-word (as in philanthropy, right?) is bigger than yours.

It's actually a double-edged sword of Damocles, as cutting edge as giving gets—and both a warning and a threat to those still doing business as usual. It is hands-on, do-it-yourself, do it now, and if someone can make a little money doing it, too, all the better. And for the moment, at least, this new beast is unpredictable, hard to control, big and getting bigger, and pretty much free of oversight. If you hook one of these new philanthropic whales, you've likely mastered the art of cause-and-effect—how to move the needle, not just buy the Band-Aids. Still, many Old School nonprofits would rather take a pass than cede their autonomy to a big swinging tail quite happy to shake an old dog into painful submission. Inevitably, today's new money is looking at the body philanthropic and seeing only arteriosclerosis.

Ian MacMillan, director of Wharton's Entrepreneurial Research Center, concurs. "Governments and philanthropies worldwide piss away billions in futile attempts to do anything of value," he says. "They build systems to perpetuate their jobs and do little to solve problems. And a lot of philanthropy creates dependency. The modern philanthropist says, 'Stuff this. I want results.'"

The new anti-establishment is even buffetting the gala scene. Rivalry among traditional nonprofits for the best donors is becoming as competitive as the contest to get children into the best preschools—difficult at best, impossible a lot of the time. The new wealth is being earned by young, entrepreneurial go-it-alone types who've shown precious little interest in the black tie galas of New York Society. It's not their style to buy tables, curry favor, co-chair, wait patiently until they're elected to a board, and then wait even longer to worm their way onto the executive committees that actually make policy at major charities.

These anti-Donors are fast becoming the new establishment. Gates and Buffet are the poster boys. "They'd never consider going on a board an aspiration," says fundraising guru Toni Goodale. "People want to hang out with *them*." Though you rarely see them popping up on *New York Social Diary*—by their very absence, they've become the elephants in the room, the conspicuous compassionate who choose to network elsewhere, and who are, therefore, redefining what the network is. Indeed, for many new donors, says Paul Schervish, director of the Center on Wealth and Philanthropy at Boston University, there is a new playing field—and it's certainly not at the "best" gala tables. "The need to participate with others is being met through business and philanthropy rather than the traditional circles," Schervish says. "The need for reinforcement is fulfilled through productive rather than expressive activity. There is a new set of norms for a new set of donors, a new reference group to which they belong. They're not trying to find a place in someone else's sphere, they're creating their own."

It's no wonder. Consider the nature of this new breed's success. They made their money not by buying into the system but by inventing new ones. They're not rich because they played the game. They're rich because they didn't.

Even when they contribute to Old-School institutions, they look for creative ways to focus their money and target donations towards new ideas, not operating funds. They're entrepreneurs, not managers, says Peter Dobkin Hall, a lecturer at the Hauser Center for Nonprofit Organizations at Harvard University. Though they come cloaked in hard-nosed, bottom line rhetoric, they're both "fundamentally expressive" and "very idiosyncratic." Which makes them "fundamentally anti-institutional."

The irony is that the more successful they are, the better the chance that My Way will ultimately become *The* Way. But don't hold your breath. Power-giving is just getting started. Do, though, fasten your money belts. It's bound to be a bumpy ride.

$16.5 billion
The amount of bonuses that Goldman Sachs dished out at year's end.
The New York Times, December 25, 2006

$53.4 million
The 2006 bonus awarded to Lloyd C.Blankfein, chairman and CEO of Goldman Sachs.
The New York Times, December 25, 2006