

January 24, 2012

## Misplaced Giving Priorities of America's Wealthy



*Ann Batdorf/National Zoo*

At a time when nonprofits are closing and demand for their services is rising, why are rich donors directing their money to causes that are not urgent, such as aiding the National Zoo's pandas?

*By Pablo Eisenberg*

Under a big headline on the front page of *The Washington Post* last week came the news that a local billionaire had provided \$7.5-million to restore the Washington Monument, which has been closed to the public since it suffered serious damage in this summer's East Coast earthquake.

It wasn't the first time that *The Post* had trumpeted the philanthropy of David Rubenstein, a co-founder of the Carlyle Group, a private-equity company. It also used big headlines a month earlier to note Mr. Rubenstein's \$4.5-million gift to help the National Zoo care for its pandas and spur reproduction of the rare animals.

Such coverage is puzzling: Was a gift to pandas a matter of national interest that merited prominent treatment? Would the \$7.5-million donation help solve a national societal problem?

But they are also deeply disturbing. First, they are signs of the misplaced giving priorities of the nation's billionaires. Second, they show how lacking in skepticism the nation's press—and so many other parts of society are—when it comes to raising tough questions about how much the wealthy give and where they direct their donations.

The questions about the giving style of the wealthy come at a time when important social-service and advocacy organizations that serve low- and moderate-income people throughout the country are being forced either to reduce their programs or to shut their doors.

Just the day after the announcement of the Washington Monument gift, news of the latest nonprofit casualty came as the venerable Hull House in Chicago, founded by the Nobel Peace Prize winner Jane Addams, said it would close. The organization, which has provided education, social and health services, job training, and recreation to the city's poor and immigrant population for more than 120 years, said it was in such bad financial straits, it would need to close this spring,

When millions of Americans are going homeless and hungry and can't find jobs, why hasn't Mr. Rubenstein, who is worth more than \$2.5-billion (according to *Forbes* magazine), also provided some of his vast fortune to help those in need?

Strengthening the fabric of our democratic society, which enabled Mr. Rubenstein to become one of the wealthiest men in the country in the first place, would seem to be a good and just way for him to pay his country back for the opportunities it has afforded him. After all, for Mr. Rubenstein \$12-million is a pittance, the equivalent of a \$25 donation for most of us.

Not that the average citizen will get that perspective from the news media. Journalists are obsessed with charitable donations by very wealthy donors. They seem to think any big act of philanthropy is good, regardless of who benefits and whether anybody is accountable for how the money will be used.

Billionaires like Bill Gates, George Soros, Warren Buffett, and Eli Broad are never challenged by the press to account for their gifts. At press conferences, reporters seem reluctant to ask tough questions, preferring to fawn over these bearers of charity. Rarely, if ever, do they question why so little of the large donors' money goes to organizations that serve low-income and vulnerable people. Nor do reporters seem to focus much attention on the plight of nonprofits in tough economic times.

By giving such out-of-proportion coverage to what is, after all, small philanthropic potatoes, the press lets wealthy philanthropists off the hook to do what they should to help society.

Mr. Rubenstein's giving is emblematic of the miserly approach America's billionaires and multi-millionaires take to dealing with poverty and the needs of nonprofit organizations. At this time of great national distress, especially for Americans at the bottom of the economic scale, "Give until it hurts" is an old fundraising shibboleth. Unfortunately, the very wealthy seem to feel no pain at all.

As government spending shrinks and foundations refuse to make any big increases in the share of assets they distribute each year, the competition by nonprofits for private support is becoming more acute. In this fight for money, local community organizations and social-service groups are no match for universities and colleges, established health institutions, museums, arts groups, and large national nonprofits with their enormous resources for fundraising. Smaller organizations like homeless shelters, food banks, housing-assistance centers, domestic-violence programs and others are losing out.

Yet few, if any, of the nation's wealthiest citizens seem to care. And certainly our politicians don't, preferring to persuade the multi-millionaires to steer their wealth to political campaigns.

Instead of pushing fellow billionaires just to sign a pledge to give half of their fortunes to charity during their lifetimes, Warren Buffett and Bill and Melinda Gates should be trying to persuade those donors to pledge that at least 25 to 50 percent of their gifts should go to antipoverty efforts. And they should urge all of their wealthy peers to give more generously than they do now. The Rubensteins of this world can easily give more generously to charitable organizations. "Giving until it hurts" might mean that fewer people will be hurt in the next few years.

*Pablo Eisenberg, a regular Chronicle contributor, is a senior fellow at the Georgetown Public Policy Institute. His e-mail address is [pseisenberg@verizon.net](mailto:pseisenberg@verizon.net).*