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For Giving Pledgers It's The Will Not The Way

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There is lots of cash on the philanthropic sidelines. (Shutterstock)

Despite some initial hoopla, the Giving Pledge has not changed philanthropy very much. Billionaires are still accumulating wealth faster than they are giving it away. The wealthy are still giving away less of their money than everyone else. Giving Pledgers are still not giving at the pace required to part with half their loot before they die.

None of this should come as a surprise. Giving Pledgers have committed to give more than half of their wealth to philanthropy or charitable causes either during their lifetime or *in their will* (italics added) and there are five good reasons—or at least rational ones—for them to wait until closer to the bitter end.

1. Giving later is easier. Money is nice. It's easy to get attached to. Parting with it can be hard but, presumably, it's easier after you're dead.
2. Giving later means giving more assuming positive investment returns. (Of course, some issues like climate change may get worse at an even faster rate.)
3. Giving later reduces the risk of inadvertently "over giving" if times later get tough.
4. Giving later can lower an otherwise gigantic estate tax.
5. Giving later takes maximum advantage of what finance-types call "option value". The Giving Pledge is not a legally binding commitment. Waiting leaves open the option to welch.

Yet even if the current state of affairs is explicable, it still feels wrong. Signing the pledge is not something that *homo economicus milliard* would do in the first place. (In fact, only 10% of billionaires have signed up so far.) Those who have voluntarily taken the pledge are expected to do more than a rational analysis would dictate.

In this vein, one recent report argues that the ultra-wealthy actually want to give more to social change causes but that these would-be gifts remain stuck on the philanthropic sidelines because nonprofits don't have the courage to ask for big donations, because donors are risk-averse, and because there is no "marketplace" to match donors with attractive opportunities.

The basic premise of the report—that ultra-wealthy people *really want* to give more than they are giving—is questionable. The methodology for reaching this conclusion—asking the wealthy about their giving aspirations—seems suspect given the well-documented biases of self-reports in this type of norm-laden area. The report also suggests an element of magical thinking among those professing a desire to give more while being reluctant to take risks, to hire staff, and the like. (Does someone who says they want to be a professional athlete but refuses to train hard really want it? Or are they just fantasizing?)

In addition, the report identifies "lack of urgency" as a general barrier to giving though this seems more like a fundamental contradiction of the self-reported desire. The report goes on to add that "as in other the aspects of their lives, the donors hold a high bar for their philanthropy and understandably want to ensure that their hard-earned money goes to good causes." Putting aside the contestable socioeconomic assertions embedded in "high bar", "hard-earned" and "good", this sounds less like a barrier to giving and more like a rationalization to do just the opposite. Although the report is well-researched and offers some creative technical solutions, a tough-minded skeptic might still reasonably conclude that the barriers to giving are actually quite low (think George Soros or Chuck Feeney) and that the real preferences of the ultra-wealthy are revealed by their actions not their words.

Unfortunately for those hoping to pry more money from the wealthy, giving cannot be elicited by an attractive cost-benefit analysis at the end of a PowerPoint deck. Giving is driven by empathy and by the conviction that the world has urgent problems that need to be addressed *right now*. These feelings may simply be less common among ultra-wealthy people who live in an increasingly separate, parallel world which probably looks pretty good to those ensconced in it. In fact, since analysis has been shown to suppress empathy, if the real barrier to more giving is an underlying empathy gap, taking a sharp pencil to identify causes, to quantify risks and to analyze metrics may actually make things worse. As David Hume said, "Reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them."

Still, the money pile will eventually flow somewhere since very few pledgers will actually welch. But the longer it takes to get moving, the more likely it is to flow to the usual suspects. It is said that the final death comes only when a name is spoken for the last time so the status-quo could well be an orgy of late-life, death-delaying gifts to educational, medical and super-elite cultural institutions willing and able to etch donors' names in proverbial stone. Technical fixes—better advice, more analysis, pooled funds, trusted intermediaries—are unlikely to make a dent in this phenomenon on their own.

Ultra-wealthy people who truly want to give more to social causes while living should recognize their problem as weakness of will. They should work to address it through education, self-help with similarly afflicted peers, and empathy building. They should spend less time reading dry reports from trusted advisers and more time getting out into the world, breaking bread with its denizens, and feeling its pain. Our world needs their bold action. From climate change to criminal justice reform, there is lots to do and many great nonprofits stand ready, willing and able to do it. For donors with capacity, it's all hands on deck.