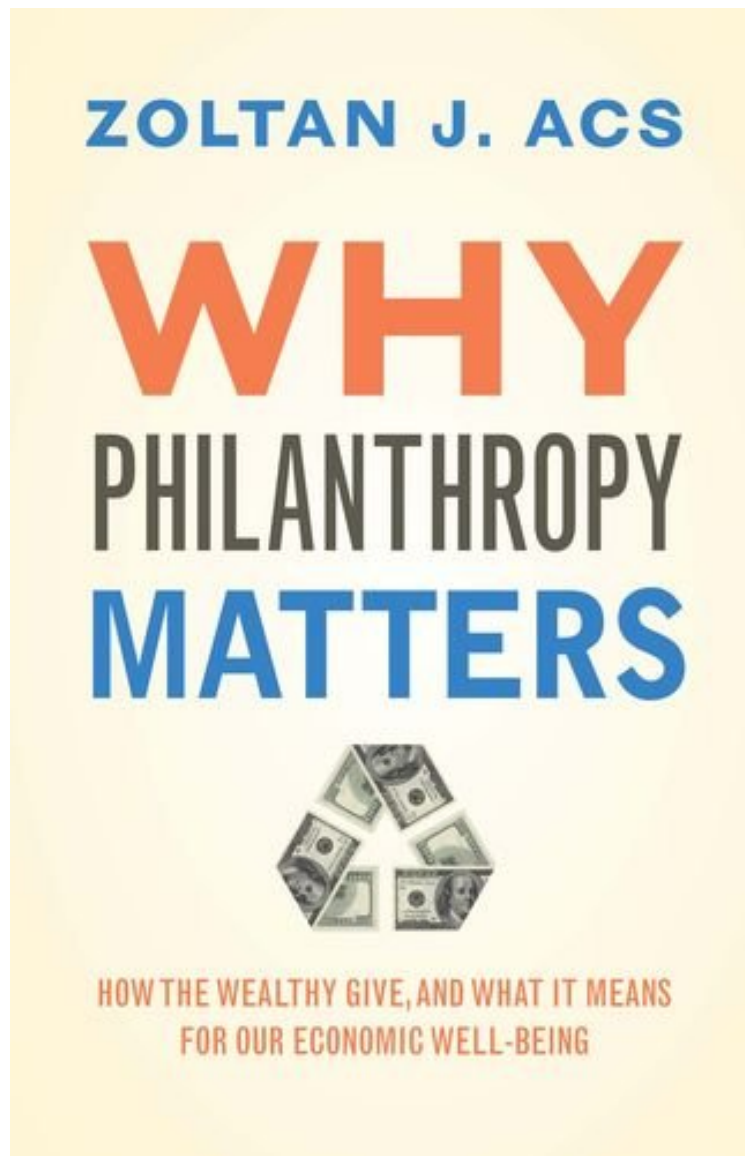


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Why Philanthropy Matters: How the Wealthy Give, and What It Means for Our Economic Well-Being

Zoltan J. Acs

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Zoltan J. Acs : Why Philanthropy Matters: How the Wealthy Give, and What It Means for Our Economic Well-Being before purchasing it in order to gage whether or not it would be worth my time, and all praised Why Philanthropy Matters: How the Wealthy Give, and What It Means for Our Economic Well-Being:

0 of 0 people found the following review helpful. Answer to Thomas PickettyBy fabitzWhile Capital in the 21st Century has raised a lot of eyebrows it has not been put into the proper perspective. Picketty's book makes one interesting claim, that r grows faster than g . In other words the return on capital grows faster than the economy. This is not an important issue in an autocratic feudal society. The peasants have no real income or wealth and little political power. However in a pluralistic liberal democracy the rising income inequality is a real issue. It is because inequality has the potential to undermine democracy as the wealthy increasingly find ways to "buy" elections on the one hand and to maintain economic and political power on the other. We are witnessing this today right in front of our eyes. However, what is really at issue here is not that wealth and income are concentrated but that the concentration undermines capitalism as rent seeking replaces entrepreneurial activity and innovation. Picketty's answer to the dilemma of having r grow faster than g was inadequate and all know it. However that does not underestimate the underlying problem of what to do about it because it is not sustainable. "Why Philanthropy Matters" offers an answer to the Picketty puzzle and it is in part an American answer. America has faced this question and debated it for 300 years. America wanted rich people but it did not want a class structure. In other words we wanted to become rich but we did not want to see wealth stay in the same hands. So America invented philanthropy. Philanthropy is the solution to the Picketty conundrum of r being greater than g . Philanthropy does two things. First, it reconstitutes wealth and second it creates opportunity for others by investing in education, universities and research that increases growth. So philanthropy simultaneously increases g and reduces r . This uniquely American solution to the age old issue of wealth also gets around the question of redistribution that no one really likes..0 of 0 people found the following review helpful. Professor Zoltan Acs has written a brilliant and somewhat unique perspective on American historyBy Rollin A. Van BroekhovenProfessor Zoltan Acs has written a brilliant and somewhat unique perspective on American history, and on the importance of philanthropy to American capitalism and democracy. A must read for anyone interested in giving and the place of philanthropy in American history.1 of 1 people found the following review helpful. Capitalism and generosity.By SInoheyAt the onset, Professor Acs differentiates between Charity and Philanthropy; although they are not mutually exclusive, the latter is a superior form of giving and has a lasting impact on society in general. "Philanthropy necessitates a reciprocal relationship between the philanthropist and the beneficiary" such as endowments to Universities to support student enrollment and research, which may lead to new discoveries that in turn would benefit society. "Charity, by contrast requires no such reciprocal relationship" for example soup kitchens.The book is well organized into seven chapters. It begins with "A Conversation" about The Giving Pledge that was initiated by Bill Melinda Gates and Warren Buffet and supported by several of the super wealthy in America. The book includes many examples of the 91 pledge letters after the Epilogue. Many in the general public view it as a self-promotion stunt and a few foreign billionaires attacked the effort as socialism and "a bad transfer of power from state to billionaires" (Der Spiegel magazine) and that "Charity doesn't solve anything". The following chapters lay out the long history of generosity of American entrepreneurs such as Benjamin Franklin and Andrew Carnegie "He who dies rich dies in disgrace". Chapters are focused on opportunity, innovation entrepreneurship, the creation of wealth and finally, philanthropy; all virtues of capitalism that "lead to" a better society in the long run". In the last two chapters, Acs compares (the superiority of) American-style capitalism and philanthropy to the rest of the world, and in the Epilogue he outlines tax reform that recompense "investments to benefit society" with emphasis on the estate tax but ignores the deduction for charitable donations.The book will appeal to economists and entrepreneurs but is also of relevance to anyone interested in the disposal of wealth - keep it, tax it or donate it. It is a good overview of the subject, but I did not fully agree with his attack on billionaires who use their philanthropy "to deprive Americans of opportunity"; I believe that his criticism is unfounded and selectively misdirected. Also I would have preferred a more detailed discourse on the impact of limiting the deduction value of charitable donations and of raising taxes on the rich and its effect on philanthropy.

Philanthropy has long been a distinctive feature of American culture, but its crucial role in the economic well-being of the nation--and the world--has remained largely unexplored. Why Philanthropy Matters takes an in-depth look at philanthropy as an underappreciated force in capitalism, measures its critical influence on the free-market system, and demonstrates how American philanthropy could serve as a model for the productive reinvestment of wealth in other countries. Factoring in philanthropic cycles that help balance the economy, Zoltan Acs offers a richer picture of capitalism, and a more accurate backdrop for considering policies that would promote the capitalist system for the good of all. Examining the dynamics of American-style capitalism since the eighteenth century, Acs argues that philanthropy achieves three critical outcomes. It deals with the question of what to do with wealth--keep it, tax it, or give it away. It complements government in creating public goods. And, by focusing on education, science, and medicine, philanthropy has a positive effect on economic growth and productivity. Acs describes how individuals such as Benjamin Franklin, Andrew Carnegie, Bill Gates, and Oprah Winfrey have used their wealth to establish institutions and promote knowledge, and Acs shows how philanthropy has given an edge to capitalism by promoting vital forces--like university research--necessary for technological innovation, economic equality, and economic security. Philanthropy also serves as a guide for countries with less flexible capitalist institutions, and Acs makes the

case for a larger, global philanthropic culture. Providing a new perspective on the development of capitalism, *Why Philanthropy Matters* highlights philanthropy's critical links to the economic progress, health, and future of the United States--and beyond.

Finalist for the 2014 George R. Terry Book Award, Academy of Management "In *The Gospel of Wealth* (1889), Andrew Carnegie urged his prosperous contemporaries to avoid 'hoarding great sums' and to give their 'surplus' wealth away during their lifetimes, to strengthen an economic system that might thereby produce some riches for all. In the more measured tones of an economist, Mr. Acs is making much the same point: A capitalist economy not only enables but requires philanthropy. Through it, entrepreneurs can support the kinds of institutions that generate discoveries and that provide pathways for other people to make their own fortunes."--Leslie Lenkowsky, *Wall Street Journal* "While philanthropy is generally seen as a positive practice, few view it as a sustaining capitalistic force that drives the economy. Acs seeks to change this in an informative and enlightening . . . look at philanthropy's many positive repercussions. . . . Economists will find this book helpful in crystallizing the long-term impact of philanthropy and the degree to which it influences the American economy."--*Publishers Weekly* "Acs' effort to link philanthropy to greater income equality, opportunity and security is admirable and potentially important."--Glenn C. Altschuler, *Tulsa World* "The best pro-philanthropy book I know."--Tyler Cowen, *Marginal Revolution* "Drawing on research conducted over 30-plus years, Acs's examination documents historically how philanthropy has affected and been affected by the entrepreneurial spirit unique to the American economic system. . . . This is a worthwhile read for U.S. economists as well as those wishing to understand how American-style capitalism and philanthropy create innovation."--Elizabeth Nelson, *Library Journal* "Acs develops an interesting account of American economic history as he traces the activities of philanthropists across the decades."--*Kirkus* "Acs' major achievement here is to understand philanthropy's oft-neglected and uniquely American role in economic growth."--Evan Sparks, *Philanthropy Magazine* "[E]asily the best work on the subject I have read."--Luke Johnson, *Financial Times* "The book is fast paced and highly readable."--Kathi Coon Badertscher, *Enterprise Society* "Acs offers a well-written, well-researched account of the evolution of American capitalism."--*Choice* "Why Philanthropy Matters is a useful book, appropriate to academics and an informed general readership as well as in undergraduate and graduate seminar-style classrooms (I myself am requiring it in a masters-level seminar this semester). . . . [I]t raises timely issues about the American economy, in particular the nexus of capitalism and philanthropy in America."--Gordon E. Shockley, *Independent From the Back Cover* "This marvelous and insightful book provides, to my knowledge, the first link between the philanthropist and economic performance. Exceptionally original and a pleasure to read, it will induce many scholars and policymakers to reconsider the way they think about the economy and the important role played by philanthropy."--David B. Audretsch, *Indiana University* "Why Philanthropy Matters argues that philanthropy is the institutional element that enables the creation of great wealth and the recycling of that wealth across generations. With timely and well-grounded arguments, this breakthrough book offers a new vision of philanthropy's place in American economic thought."--Roger R. Stough, *George Mason University* "This thought-provoking book provides a deeper understanding of how the market-based capitalist system works and how it has helped to increase societal prosperity. Acs puts the role of the philanthropist in historical and institutional context, and his insights will be of considerable interest to a broad audience."--Pontus Braunerhjelm, *Royal Institute of Technology*

About the Author Zoltan J. Acs is University Professor and director of the Center for Entrepreneurship and Public Policy in the School of Public Policy at George Mason University. He is the coauthor of *Entrepreneurship, Geography, and American Economic Growth*.