

BOULDING'S GLOBAL-SOCIALIST THEORY OF PHILANTHROPY

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Kenneth E. Boulding authored more than thirty books and a thousand articles and served as president of the Society for General Systems Research, the American Economic Association, and the Association for the Study of the Grants Economy. He also helped found the fields of peace and conflict studies and evolutionary economics. Any brief essay on Boulding thus certainly runs the risk of presenting an incomplete view of the vast range and depth of his work.

Following Frank Knight, the eclectic founder of the Chicago School of Economics whom Boulding admired, we can insure against that risk by carefully delineating the scope of our enterprise as considering the following three questions:

1. How does Boulding help us understand the appropriate role of the grants economy in the twenty-first century?
2. How is his approach to the philanthropic enterprise similar to and different from that found in public choice-market exchange economics?
3. How does he contribute to a general theory of giving?

Interestingly, there is a remarkable uniformity in Boulding's writings concerning these three questions, despite their being written over thirty years during the second half of the twentieth century.

Boulding claims to be the first person to found a general theory of philanthropy, one that is methodologically distinct from, ethically superior to, and factually more relevant than the market exchange model and the democratic state-based grants model. He calls this general theory the "integrative system." Boulding's integrative system—one where individuals integrate themselves with each other through the power of gift-giving has three major components: his vision of it (a) weaves together historical, economic, and sociological themes, (b) is designed with a comprehensive concept of human well-being in mind, and (c) is grounded in a theory of knowledge that is meant to provide a practical way to distinguish between good grants and bad grants.

Boulding pursues these objectives through an evolutionary theory of knowledge; he does not ground his theory of knowledge in epistemological or philosophical terms (1961b, 166). That, I suggest, is Boulding's claim. His general theory of integration, however, has two ambiguities:

1. it is difficult to untangle the normative and prescriptive components from the factual and predictive ones; and
2. there is indeed an epistemological component—the assumption that humans are benevolent by nature—that is essential to the general theory. Boulding says explicitly that the “need to identify with others” is “an essential part of man's nature” (1965, 250). But the question remains: Did people become benevolent through evolutionary developments, or were they always potentially benevolent?

Basic Assumptions

Although Boulding's approach appears compatible with the spontaneous, evolutionary approach to the discovery of knowledge associated with the Austrian economists and proponents of the exchange model, his general theory departs fundamentally from their approach. True, he presents the grants sector as an independent sector, but this argument is not offered as the alternative to the governmental sector. Rather, it is the alternative to the market system model and, by the way, to most of the governmental sector grant models. Put differently, Boulding provides what I shall call a global-socialist theory of philanthropy rather than a market theory of giving, if for no other reason than that the “bad press” associated with the philanthropic enterprise is due in large measure to what Boulding deems the narrow, self-interested behavioral assumptions underlying the exchange model. Nor is he interested in an uncritical acceptance of the traditional state-based, socialistic model of grant giving, because it lacks the ability to distinguish between good and bad grants.

Instead of applying the cost-benefit methodology of the market to distinguish between good and bad grants, Boulding creates an evaluation scheme that is independent of market economics. His general theory moves, albeit uneasily, between (1) “a rational critique of preferences,” and (2) a “realistic” view of the world.

The problem we face with Boulding's work is to figure out whether both of these impulses are generated by the experience of evolutionary forces or by an image created by humans and projected on to the world. After all, from

Boulding we learn that humans are the only creatures “capable of imagination, that is of forming images of things of which it has no experience” (1989, 218). In particular, he notes, humans are capable of imagining power, especially “the power of love.”

At the heart of Boulding's approach to power is a distinction among “threat power, economic power, and integrative power” (1989, 10). He describes this elsewhere as “destructive power, productive power, and integrative power” (1989, 25). He is interested primarily in exploring integrative power. Although it is “an elusive and multidimensional concept that is very hard to quantify” (1989, 109), Boulding claims that integrative power “is the most dominant and significant form of power” (1989, 10). Integrative power, says Boulding, is the most complex and mysterious concept—even more mysterious than biological evolution—since it involves the presence within social evolution of “genuine benevolence” and “the power of love” (1989, 173, 29, 110).

Dueling Images

Each “power” has its own image for Boulding: “the stick, the carrot, and the hug,” respectively, and Boulding is not shy to rank each image: “the stick, the carrot, and the hug may all be necessary, but the greatest of these is the hug” (1989, 250). It is clear that he prefers the carrot of the competitive market over the stick that is monopolistic force. But he makes it clear that the image and reality of cooperation—the hug—are better than the two alternatives.

One might be quick to identify Boulding's stick with the state qua state, but it would be incorrect to do so. That would be the Austrian, even libertarian, thing to do. The communist state and the fascist state do indeed represent the stick for Boulding, but the democratic state contains a certain degree of benevolence, in his view. Moreover, unlike market-inclined economists, Boulding also uses the stick as the image for certain “closed minded” non-state-sector religious activities (1961b, 124). Rather than being an anti-statist per se, the stick is his image for any non-learning, non-growing, non-organic environment, period. The stick is his symbol for monopoly and force, whether public or private. Boulding is anti-static, per se, rather than anti-state.

The normative and factual battle for Boulding is between the carrot—the principle of self-interest operating through the market model of persuasion through incentives—and the hug, rather than, as it is for market economists, between the carrot and the stick. For Boulding, the hug symbolizes the grants sector driven by “the image” of benevolent socialism and “the fact” that the world is actually becoming benevolently socialistic. Put differently, the true clash for Boulding is between the image of competition and the carrot, on the one hand—which is preferable to the image of monopoly and the stick—and the image of cooperation and the hug on the other hand. Boulding supports private education operating alongside public education because competition is better than monopoly. But he would not completely privatize education because at the heart of the education project is the special non-quid pro quo, non-commercial, and non-consumer relationship that ought to exist, and apparently now exists, between teacher and student.

Persuasion has replaced obedience, but it is time that identification replace persuasion: that seems to be Boulding’s message. But do we all of a sudden wake up one morning and say, “Make profit, not war,” and then a couple of days later, wake up and say, “Make love, not profit”? Do we just imagine this notion into existence, or has it emerged while we were in a sort of deep but coherent sleep? Boulding asks, “When will they learn?” I ask, “How do we learn?”

Boulding uses “hug” as another word for integrative power. It involves friendship and household networks, voluntary activity, and “integrative organizations like churches, clubs, and families” (1989, 50). It is part of a “learning identity” network (117). In contrast to economic relationships, an integrative relationship is not a formal contract that arises out of exchange but is something that arises out of fellow feeling and mutual benevolence (1973, 27).

In describing integrative relationships in terms of learning identity, Boulding has to address the question of how this learning or “know-how” and “know-what” about hugging take place. In particular, he acknowledges, we have to understand how we learn to “create images of the future” that help us deal with risk, uncertainty, and profit. We need a general theory, he says, that enables us to evaluate whether “human decisions” lead to a condition of “human betterment” (1989, 122) (1985, 55).

Evolution of Values

Boulding is clear on what he sees as the decisive issue at the heart of the mystery of human evolution: to what extent do human beings effectively control their own development, and “what is the role played by events that lie outside the human decision process?” (1989, 216) Since it is a vital part of human well-being that the normative image of the world be in harmony with the factual reality of the world, it is important to know where the world is really heading. Hence, Boulding asks, “What is the wave, or are the waves, of the future?” (1973, 103) This leads to his follow-up question: Can the human imagination, the creator of normative images, keep up with the world experience and also develop realistic images? Good decisions apparently are the result of good images, in his formulation, but they also “emerge out of realistic images of the future” (1985, 74), and that returns us to one of our initial puzzles with Boulding’s general theory: How much of it is the result of human imagination, and how much is it the result of nonhuman evolution? How much of it is normative, and what percentage is factual? And how do these four categories interrelate?

The world, according to Boulding, seems to have a knack for self-regulated and organized growth. It substituted the productive carrot for the destructive stick and now is substituting the integrative hug for the productive carrot. That, apparently, is a fact and operates outside of human judgment. The world image, in turn, changes because humans learn; in particular, they have learned to overcome the nuclear and ecological crises, the downside of the stick and carrot images and realities, and have wisely accepted the arrival of the stationary state of “spaceship earth.” Accordingly, “the total pattern of humanity” (1989, 230, 182) is moving in the direction of an integrative system and toward the notion of a “common humanity of the whole human race to which we all belong.” Thus we should be adopting the integrative values of a grants economy that has social betterment as its objective. Under this neosocialist general theory, the stick has withered away and the carrot has outlived its usefulness. Finally, a new morality meets a new reality. And they hug each other.

Now what is the appropriate image of human betterment in “spaceship earth”? Boulding offers good health, formal education, and an appropriate policy concerning “sexual behavior, drinking and drugs, social intercourse, and the uses of time” (1985, 160). Boulding’s image is “a reasonably

comfortable, decent, warm, charitable, well managed, and creative society” (1973, 111). But here we must ask whether Boulding has succeeded in persuading us that we are moving away from the era of the carrot toward the era of the hug. It seems to me that this image of comfort and decency is very close to the values generated by the exchange economy that Boulding suggests the world ought to have left, and has left, behind! Surely something higher than bourgeois values would be the result of Boulding’s goal of human betterment? If not, then why not see benevolence as ultimately compatible with the exchange economy?

Socialist Vision

Boulding indeed does provide a different, and socialist, vision, one that takes us back to the three faces of power. The power of the hug can and will replace the power of the carrot because of the existence of “surplus power.” Boulding’s neosocialism contains a new understanding of the doctrine of surplus value, one that points in the direction of universal peace rather than class war and the transformation of the entire value system.

Boulding envisions an image of the world where “benevolence is desirable” and also possible (1985, 173). To put words in Boulding’s mouth, the promise of a life of vast abundance and indulgent leisure is a fetish and an illusion, and the exchange model grounded in the image of “a dynamic and expanding human race” fosters that illusion as well as non-benevolent behavior. This illusion is both factual—that world no longer exists—and normative: such a life ought not to be integral to the project of “human betterment” (1973, 112). Apparently, the exchange economy is ethically inferior and factually obsolete. Thus we need philanthropy, but in a form that deserves our support because it does good naturally rather than by calculation.

It is important to note that Boulding divides the general subject of doing good into two parts:

1. the philanthropic gift or grant from one person or organization to another within the “general existing framework of society;” and
2. social action—pursued through the political process—which aims to do good by changing the very nature of society (1965, 247).

Philanthropy, unlike social action, aims to improve the lot of human beings without engaging in constitutional amendment, regime change, nation building, or social transformation. This distinction between philanthropy and social action is useful but ought not to be overworked, lest we lose sight of what they have in common: they are two aspects of the human betterment project.

As a first step toward providing a general theory of benefaction, one that has a standard by which to distinguish between good and bad grant choices, Boulding provides a “rational critique of doing good.” At the heart of this effort is a decisive question: Can preferences be criticized? Exchange-oriented economists shy away from this question, asserting the “ethical neutrality” of preferences. Boulding says that to adopt a position of “ethical neutrality” is utter nonsense when making the case for the non-exchange economy, where *quid pro quo* does not, and ought not, operate.

Central to Boulding's general approach is his valuable warning about “economic imperialism,” namely the “attempt on the part of economics to take over all the other social sciences” (1973, 11). Thus, he does not apply the model of exchange, as the Austrian economists are inclined to do, to the grants economy, or to the political sector as students of public choice do. “Utility theory will mislead us,” writes Boulding, “if we conclude from it that the motivation for philanthropy is no different from that in other forms of expenditure” (1962, 239). True, Boulding concedes, economics is an advanced system of knowledge—we know how the price system works, and we know the general theory of employment and output—but economics has its limits: “We don't know how to prevent wars, how to eliminate crime, or how to make people happy. We do not even know how to diminish the total amount of mental illness” (1965, 31).

In other words, Boulding does not blindly apply the rational choice model of economics to politics and society. To do so would be to

1. reduce philanthropy to a subfield of economics,
2. exaggerate the self-interest dimension of human nature, and
3. ignore the “fact” that the stick and carrot systems have sown the seeds of their own destruction.

To articulate a distinct foundation for understanding benefaction, Boulding has to establish an evaluation scheme whereby some grants are judged more worthy than others. This means that he has to establish the

meaning of truth and identify the existence of error. Once again, this leads us back to our initial query: Does Boulding have a sound theory of knowledge? Is his general theory sociological and evolutionary, or is it epistemological and philosophical? Do humans have stories, or do they have natures? Do we consent to provide and receive grants because they are in accordance with knowledge of the identification of the right and good grant, or do we say this is a good grant because we agree to give and receive it? What if giving and receiving simply makes us feel good?

New Value System

Here is the problem. Boulding denies both:

1. that there is a fixed truth about doing good out there waiting to be discovered and applied; and
2. that truth is simply something that is individually created.

Instead, he adheres to the notion of the “public image,” an idea that exists as a result of interpersonal agreement. Boulding thus seems to share the non-epistemological and non-existential, pro-evolutionary methodology and consensus approach of the Austrian and market-oriented economists. But unlike these economists, he is willing to criticize preferences and unwilling to leave evaluation at the “were the values of the giver or recipient fulfilled?” level as the definition of a good grant. For Boulding, the essential feature of his “integrative system” is the conscious and non-calculating “identification” between the giver and the recipient (1965, 250, 253). Put differently, Boulding’s general system of doing good looks at the fulfilment of the intentions of an entire “value system” and not just the fulfilment of one person’s values, regardless of whether we are talking about the preferences of the donor or the wishes of the recipient.

He argues, furthermore, that every “ethical system” contains within itself “an orderly criticism of existing values,” or “challenges,” and that these criticisms are either accepted or rejected as time goes by. According to Boulding, this process of “challenge acceptance” and “challenge rejection”—again, it is unclear whether by conscious acts of human beings or the coherent evolutionary process of discovery—has caused a profound change in “basic values” over the years. Slowly but surely, the world has been moving toward an “integrative system,” says Boulding. (1965, 250, 253)

Here is where new fact seems to meet new value: the sense of a community of mankind has become people's primary unit of identification, replacing the position of the nation-state (both democratic and non-democratic) and closed-minded religious sects. And this, he says, is a good thing! For Boulding, "without understanding this, we can't understand what is going on in the world." Nor can we make the world a better place in which to live (1965, 257). Boulding's conjecture about value systems requires us yet again to repeat our earlier question: Is this process of "value change," or "image modification," the result of conscious human action or a coherent and systematic unfolding of evolutionary change?

In the end, Boulding claims that values and images are the result of human learning. Therefore, the ethical principle underlying philanthropic conduct seems to be "the principle of being willing to learn," and the question undergirding the philanthropic project finally appears: "How do we produce the will to learn?" What is it that we, as donors and recipients, need to learn? The answer is: How to be properly integrative in the grants economy. Or, in simpler terms, have you hugged the world today? It is good to hug the world, and the world is ready to be hugged. And if you ask, "Well, what does that mean?" you clearly have not understood that sometimes Mercury is out of alignment.

Organic Theory of Knowledge

Boulding spends a considerable amount of time creating a general system for the philanthropic sector. But my thesis has been that for Boulding, this general theory is based on an identity or integration between the donor and the recipient. Boulding's integrative system is conceived in opposition to the quid pro quo relationships of the exchange economy as well as the monopolistic disposition toward grant giving and receiving of certain governmental and private associations. If we push Boulding, he would express serious doubt about the non-democratic government sector because it uses the monopolistic stick rather than the competitive carrot or the benevolent hug, but the same doesn't hold for democratic government, which has a certain welfare hug quality. If we keep pushing, however, we find in the end that the reason the image of the democratic nation-state bothers Boulding is not because it represents the stick so troublesome to market-based economists but because there is a more appropriate and accurate image available—the hug. Boulding wants a general theory of the philanthropic

sector that moves beyond both the democratic, welfare-inspired nation-state model and the market-based, incentive-driven model. His general theory embraces the “emergence of the planetary view,” (1965, 250, 253) the emergence of one mankind as a structured integrative system.

We can now look again at Boulding’s distinction between “one-way transfers” and the “two-way transfers” of the exchange economy. Boulding argues, I think correctly, that market-based economic theory has neglected, even denigrated, the “one-way transfers” grants concept. In fact, the economist “feels rather at sea” in the “priceless world” of gifts, focusing instead on the “two-way transfers” of the exchange economy. But, adds Boulding, “without the grants concept, indeed, any kind of organization would be incomprehensible.” Moreover, “the one-way transfer, far from being something extraneous or extraordinary in the general organization of social life, is an integral and essential part of the system.” Again, the things we do “for love”—or the integrative model involving “status, identity, community, legitimacy, loyalty, love, and trust”—are the wave of the future. Boulding embraces this wave: “to do things for love always seems to be more moral and progressive than to do things for money.” I gather that Boulding concurs that money shouldn’t and can’t buy you love. And, moreover, we should learn to give peace a chance (1973, 1, 4-6, 34, 110; 1962, 235).

Boulding’s “organic theory of knowledge,” then, is grounded in “the image of the world.” And “behavior,” in turn, “depends on the image” (1961a, 16). “What, however, determines the image?” he asks. “This is the central question of this work (6). Images can be matters of either fact or value. The latter type provides us with an evaluation scheme, which Boulding calls “value scales.” The value scales “are perhaps the most important single element determining the effect of the messages it [any individual or organization] receives on its image of the world” (12). When other people share this value system, we have a public value system. And the distinctive part of this shared value system—or public image—and its growth and development, is its “organic structure.” This is the result of “the art of conversation or discourse” (15). So we have the “outside messages” and the “inward teachers” (18). And we are still left with confusion: Is knowledge acquired organically or creatively?

A critical aspect of Boulding’s general theory is the assumption that humans are conscious of their knowledge of extended time and extended relationships and thus are capable of responding “to an image of the future

filtered through an elaborate value system” (1961a, 26). As a result, he argues, humans can grow independently of external messages and create a structure of an interconnected people. There is a “teaching” or structuring process that takes place, he argues: “What the student gains the teacher does not lose. Indeed in the teaching process, as every teacher knows, the teacher gains as well as the student. In this phenomenon we find the key to the mystery of life” (35).

Again, for Boulding the dynamics of change are not a matter of chance: “There is an orderly development in the public image as recorded in the transcript of successive civilizations and generations” (1961b, 7). Nor does change just happen: the image guides conduct. For example, we need “the image of a free society” to “dominate” before slavery can go away (1961a, 121). People create these images: “To a very large extent change in the image of society comes about through the impact on society of unusually creative, charismatic, or prophetic individuals.” (75).

Although Boulding bemoans the fact that man has a tendency to be “entropic,” a squanderer of “his great inheritance” (130), he reminds us that there are anti-entropic processes at work as well: “The process of the increase of knowledge itself is anti-entropic. It builds structure out of what was previously chaos. It organizes the disorganized” (1961a, 130). He claims that the integrative image can become the foundation for a new, unifying science called eiconics, a sociology of knowledge that conceives of an organism as an organization (1961b, 159). Eiconics integrates humans with the world and with each other, and it invites, nay requires, that we commit ourselves to hug the world today. It may even encourage “rich American Christians” to “stint themselves . . . for the benefit of their fellow Christians in poor countries” rather than “build fancy tax-exempt churches at home” (1965, 260).

With a growing trend of philanthropy and Christian charity becoming so internationally minded—with the plight of Africa in sharp focus—Boulding can seem at times to have been a genuine prophet. But we have to ask just how far eiconics might take us in understanding and adapting our social and political institutions to the demands of a new age.

Boulding is interested in discerning what portion of social activities should be organized by exchange and what portion by grants. Is there an optimum point that represents the ideal combination? He is making the case against over-reliance on the exchange economy since the world is moving

toward integration and the exchange model has “no such power to create community, identity, and commitment.” Where, he asks, is the “sacrifice” in the exchange economy? (1973, 28). This, says Boulding, is not only the heart of the philanthropic controversy; it “is the heart of the socialist controversy” (12).

Unfortunately, Boulding does not tell us what portion of the grants economy should be divided ideally between philanthropy and government. He seems to overlook the fact that democratic government can tend toward factionalism or tyranny. In the end, Boulding would seem to leave us few tools—other than “being willing to learn”—for distinguishing the proper roles for the democratic state, the market economy, and the grants economy in shaping the public image. Without such tools, we are left with a global-socialist theory of society and little basis for incorporating any view of economic exchange as a contributor either to image formation or to the achievement of human betterment. Apparently, all we need is love.

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