

Back to the future

Lucy Bernholz

One of the best (and worst) parts of making educated guesses about the future is being called to answer for your predictions. In December 2007, I made five predictions for philanthropy in 2008. How did I do?



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My predictions were as follows:

- ▶ One of the major prizes will succeed in motivating the solution it seeks.
- ▶ A third to a half of the world's top ten largest gifts will be made by non-Americans to non-American institutions.
- ▶ Retail-based or embedded giving will continue to grow and people will begin actively to think of their political giving and charitable giving as related.
- ▶ Half of the glossy magazines dedicated to giving that launched in 2006 or 2007 will fold in 2008.
- ▶ Nothing significant will happen to the regulatory structure that shapes philanthropy in 2008.

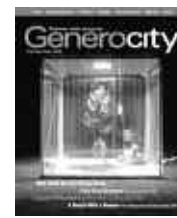
So, how did I do? I'm pretty sure I was wrong about number 1: if any of the big innovation prizes (Gates Health Innovation or X Prizes, for example) sparked a solution, I have not heard about it.

Normally mid-October would be too early to know what will be the year's largest gifts – though given the state of the economy it may turn out that those gifts have already been given. This year did see a Mexican billionaire establish a large foundation and briefly bump two Americans off the top of the wealthiest people list. Several very large Russian foundations also came into being in 2008. Most lists of big gifts focus on Americans – this one will be hard to track.

I was probably right on number 3. Retail-based and embedded giving show no signs of abating, though fourth-quarter retail sales are expected to be lower than in 2007, which would drive less money to charity. Mobile phone and text giving is the tech-based 'innovation' of the year and charitable coupons will join charitable gift cards in holiday stockings for 2008. Political giving in the US is at an all-time high and debates are currently raging about whether or not this will cut into charitable giving (I think it will).

I was right about number 4. Of the glossy magazines *Grazie*, *Generosity*, *Benefit*, *Contribute* and *GOOD*, only two (*GOOD* and *Contribute*) still publish.

No longer publishing ...



Still up and running ...



I was partially right on number 5. This was a particularly poorly worded prediction as it failed to note what level of regulation I meant. I was right regarding US national policy – lots of talk, no major shifts (2009 could be a different story). And there has been progress made on EU foundation structures, though I don't think new laws are yet in effect.

How about 2009?

Big questions heading into 2009 include how the financial crisis and recession will influence charitable giving, what a new US presidential administration will mean for domestic spending, tax incentives and international aid, and how migration and remittance patterns may be shaped by larger economic and environmental shifts.

I've already gone out on a limb noting the forces that I think are likely to change philanthropy going forward. These include recession trends, political giving, job losses, my long-standing doubts about predictions for intergenerational wealth transfers, drops in retail spending, the end of entire industries, and a decline in religious worship. All of which leads me to predict a drop in charitable giving in 2008.

To make matters worse, I don't think a short-term drop in giving is all we're facing. I think the US is going to see new banking rules, new credit rules, new mortgage lending laws, new charitable giving laws, new philanthropic approaches, new tax structures, new public service demands and the heads and tails of important demographic and generational shifts that may fundamentally restructure the business of giving as we've come to know it. And I think a drop in giving this year is just the beginning of it. @

Seeing the future.



JERRY BOWLEY