

Review

PHILANTHROCAPITALISM: How the Rich Can Save the World
By Matthew Bishop & Michael Green
Reviewed by Joel Fleishman

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The New Noblesse Oblige

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PHILANTHRO-CAPITALISM: How the Rich Can Save the World

Matthew Bishop & Michael Green
304 pages, Bloomsbury Press, 2008

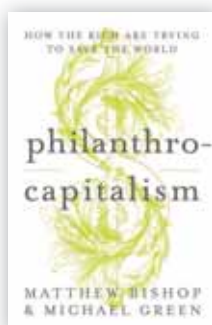
You might know Matthew Bishop, American business editor of *The Economist*, as the author of that magazine's dazzling 2006 cover story, "Billanthropy"—an account of Bill Gates's and Warren Buffett's historic charitable initiatives.

Bishop now pairs with Michael Green, an expert on the relationship between government and the nongovernmental sector, to offer *Philanthrocapitalism: How the Rich Can Save the World*—an extraordinarily timely, comprehensive, and reader-friendly collection of information and insights about the state of philanthropy today.

Bishop and Green's two years of intense research included interviews with today's star players in philanthropy—and they lace the book with quotes from Bill Gates, Ted Turner, Bill Clinton, George Soros, Pierre Omidyar, Michael Bloomberg, Sir Richard Branson, David Rockefeller, and many others. One of my favorite quotes is by Soros: "I indulge in political philanthropy. I try to use my money to influence how governments spend money." The authors also interviewed philanthropy practitioners distinguished not only by their wealth and position, but also by the roles they use to revolutionize the patterns in which philanthropic dollars are given, raised, and deployed so as to have the greatest impact.

These practitioners include Christopher Cooper-Hohn, founder of the London-based Children's Investment Fund Management (TCI), who gives to his Children's

JOEL FLEISHMAN is professor of law and public policy studies at Duke University. He is the author of *The Foundation: A Great American Secret—How Private Money Is Changing the World*, and he served as cochair of Independent Sector's Committee on the Self-Regulation of Nonprofit Organizations.



Investment Fund Foundation one-third of TCI's annual management fee plus half of every percentage point of profit the fund earns each year (above a minimum return of 11 percent net of fees). The foundation focuses on African children in need. There is also the Rockefeller Foundation's Judith Rodin, who strives to bring her 20th-century foundation into the 21st century, and Eli Broad, whose Broad Foundation is among the largest foundations focusing on efforts to improve urban public education.

There are venture capitalists turned venture philanthropists, such as Mario Morino, who have not only poured their own wealth into solving social problems in new ways but also recruited others to join them in ponying up millions to provide opportunities for young people in need; mainline investment bankers like Goldman Sachs's Chuck Harris, who create pools of charitable dollars to provide growth capital for well-run nonprofits with potential to extend their reach; and even celebrities like Diddy, Bono, and Angelina Jolie, who not only offer their wealth and name to causes but also hit the trenches to work directly with the beneficiaries of their efforts.

Bishop and Green touch on practically everything of consequence happening today in the world of philanthropy. The only notable things they missed were the ever-growing role of community foundations everywhere, and how the suddenly increasing number of non-perpetual foundations has stimulated the growth of venture philanthropy and high-engagement giving. Happily, they always make this dense information digestible, using straightforward and humorous prose, fresh insights, and balanced reporting. Examples of the latter: Although they clearly look favorably on "philanthrocapitalism"—which they define as applying the skills of moneymaking to the philanthropic enterprise—they note its cons, too. And they set the

philanthropic record straight when it comes to Andrew Carnegie, who deserves credit for today's social entrepreneurship, venture philanthropy, high-engagement grantmaking, and strategic philanthropy, all of which he practiced and preached 120 years ago.

The short of it is, I plan to make this book required reading for students in my 2009 spring term course on philanthropy, voluntarism, and nonprofit law and management at Duke University. No other book on charitable giving and the world's rapidly evolving social sector comes close to its rich trove of insights and relevant data about the many new currents in the flow of donations from the wealthy to the world's needy. The book will fascinate and inspire anyone who reads it. ■

Great Minds Think Different

Review by Robert J. Sternberg

ICONOCLAST: A Neuroscientist Reveals How to Think Differently

Gregory Berns
252 pages, Harvard Business Press, 2008

Psst ... psst. Want to be an iconoclast—someone who really shakes things up? Do you want to be the next Bill Gates, Steve Jobs, Pablo Picasso, or Jonas Salk? Then you must do three things, advises psychiatry professor Gregory Berns in his new book, *Iconoclast*.

First, see things differently from other people—see what others do not see. Second, conquer your fear of failure, of the unknown, and of ridicule. Third, be socially intelligent: Figure out how to interest people in your ideas and how to sell those ideas to opinion leaders.

If you do these three things, Berns believes, you are well on the road to exciting ideas, discoveries, inventions, or whatever you fancy.



ROBERT J. STERNBERG is dean of arts and sciences at Tufts University. He is a former president of the American Psychological Association and author of numerous books, including *Wisdom, Intelligence, and Creativity Synthesized* and *Beyond IQ: A Triarchic Theory of Human Intelligence*.

Iconoclast goes on from there to give a sophisticated yet readable introduction to what people who see the world differently are like—in particular, how their brains are wired differently from ours. For one, an iconoclast’s amygdala—which adjoins the brain’s temporal lobe and controls fear responses—functions in ways that will automatically reduce his or her fear response.

And what if you’re not a born iconoclast? Are you doomed to fail if you try to create that innovative nonprofit, program, or whatever else you’ve long imagined? Not necessarily, Berns reassures. And here he recognizes that although our brains may be prewired to work in certain ways, we can rewire them, to some extent, to think more iconoclastically.

For one, we can develop strategies to reduce our instinctive fears or tendencies to think in conventional ways, often simply by confronting these fears or this kind of thinking; we might seek out novel experiences and attempt to feel a degree of comfort with them, for instance. We don’t have to let stress get the better of us, either: We can consider it a wake-up call to reappraise where we are in our lives and where we need to be. And because we tend to be less fearful of that which is more familiar, we can get comfortable with ideas others consider strange, and then couch those ideas so that others won’t be afraid to contemplate them.

We might emulate Steve Jobs, for instance. Jobs, realizing that his ideas were technologically beyond most people’s understanding, purposely pitched his ideas to people who were somewhat more technologically sophisticated, and who would likely gain converts through their own enthusiasm. In other words, he carefully targeted his pitches so that his ideas would “go viral.”

Berns also recognizes that iconoclasm is not an all-or-none phenomenon, and that even the most creative people have days “when their thinking is stale and clichéd.” And he quite rightly separates creativity from ordinary intelligence, standing in contrast to those psychologists who cannot see anything in creativity beyond what conventional IQ tests measure—namely, conventional thinking!

That said, the book probably undervalues the role of intelligence, and of analytical thinking in particular. Part of what makes

people successful iconoclasts is their skill in separating their good ideas from their bad—the really creative ones from those that are stale or clichéd. Most successful iconoclasts not only have a few great ideas that catch on, but also have many more ideas they discard as not creative or practical. They need the analytical discernment to recognize which of their ideas to push. Analytical intelligence is something we can develop, much the same way we develop muscle tone—by using it and applying it to successively harder problems. We can also learn from our mistakes, and thereby develop discernment in our thinking.

Berns also insufficiently credits several factors important in creative thinking. Perhaps foremost of these is our family and cultural background—whether we come from a background that values creative ideas or suppresses them. We can, of course, react against this kind of background, but people who were brought up to conform rigidly must fight harder to become iconoclasts than do people whose creative ideas have been rewarded. Other vital factors in creative thinking are resilience—or our ability to pick up the pieces after our ideas are rejected by others again and again—and whether or not we take our ideas and ourselves so seriously that we can never move beyond the last idea, considering it the final truth.

A last objection: In describing how creativity happens, Berns overemphasizes the role of sight. “Imagination comes from the visual system,” he states. (The visual system is our sense of sight and the biological apparatus that supports it.) But someone can be blind and creative (Helen Keller). Moreover, someone can use other senses, such as the sense of sound, to express creativity (Mozart). We can even use the sense of smell creatively: Advertisers have discovered this and find creative ways to make products appealing through people’s sensitivity to varying aromas. And some of us are creative in a synthetic way, combining the senses: Creators of operas, ballets, or musicals must combine the visual and the auditory in a highly synthetic yet precise way.

In the end, though, Berns has written both a technically sound and an inspiring

book. It not only analyzes the nature of iconoclasm in fascinating detail, but also serves as a guide for people who feel trapped by conventional thinking and want to escape. The keys out of their prisons are in this book. It is up to these readers to use them to escape and open new doors. ■

An Unconscionable Business

Review by Holly Burkhalter

**SEX TRAFFICKING:
Inside the Business
of Modern Slavery**

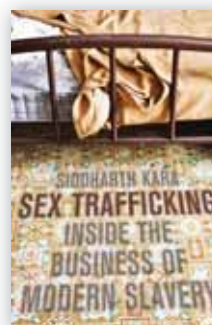
Siddharth Kara
320 pages, Columbia
University Press, 2009

Sex Trafficking,
Siddharth Kara’s meticulously documented account of the economics of the modern trade in women’s and

children’s bodies, is a huge contribution to the human rights movement. Although Kara names economic globalization and the ensuing mass impoverishment and migration as the chief contributors to the past two decades’ marked increase in sex trafficking, he also rightly places blame squarely on individual actors responsible for modern-day slavery: the slave traders themselves and complicit law enforcement.

Kara builds on a solid foundation of documentation and analysis by human rights organizations, including Human Rights Watch’s 1998 report on trafficking of Burmese women and girls in Thailand, “A Modern Form of Slavery,” which for 10 years has remained the industry gold standard in the thorough-

ness of its analysis and recommendations. Kara includes five case studies—India and Nepal, Italy and Western Europe, Moldova and the Former Soviet Union, Albania and the Balkans, and Thailand and the Mekong Subregion—and in each one he tells a story of government complicity in trafficking and the ubiquitous police violence against women and children in the commercial sex industry. He also comprehensively analyzes



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the economic factors that draw desperate women, minorities, and children to migrate to richer countries.

Kara departs from traditional human rights reporting, however, by also analyzing the economics of the profits to be had from modern-day slave trading in the commercial sex industry. A former investment banker, Kara provides a brisk and businesslike depiction of a limitless supply of victims, ever-accelerating demand, and near-total impunity for perpetrators.

In India, for example, Kara observes that the only financial penalty for sex slavery is a \$44 fine for owning a brothel. And “even if all the owners of brothels in which sex slaves were exploited were convicted each and every year, sex trafficking would still be a high-profit, minimal-risk venture because the owner of one sex slave in a brothel can generate cash profits per year in excess of \$12,900.”

Prison sentences, on the other hand, can jolt traffickers, pimps, and brothel owners into reconsidering their assessment of profit

and risk, and deter them from using children or coerced adults in the labor pool. Indeed, in the course of investigating child sex trafficking in South and Southeast Asia, securing relief for victims, and working with local prosecutors to bring perpetrators to justice, we at the International Justice Mission have found that even a relatively small number of convictions can contribute to perpetrators’ finding a different way to make a living.

Still, jail terms for traffickers are rare. As Kara explains, corrupt law enforcement

DOG-EARED

Inspiring Innovation

Review by Jessica Jackley Flannery

THE STRUCTURE OF SCIENTIFIC REVOLUTIONS

Thomas S. Kuhn
212 pages, The University of Chicago Press, Third Edition, 1996 (originally published 1962)

The first text assigned in my sophomore philosophy of science course at Bucknell University was Thomas Kuhn’s *The Structure of Scientific Revolutions*. This important work, our professor explained, analyzed the evolution of science and scientific thought.

Interesting, I remember thinking. I’d always been taught that science *proved* things and produced *facts*, and I was curious to witness this truth-producing process questioned. At the same time, scrutinizing the whole history and process of science seemed aggressive, audacious, even arrogant.

And this was precisely what I loved about my philosophy classes: permission to question the unquestionable.

By the end of the book, Kuhn had left me with the following concepts:

- Scientists don’t work alone, but as part of scientific communities with sets of agreed-upon beliefs.
- Normal science operates within these sets of beliefs, or “paradigms,” and many scientists’ research is “a strenuous and devoted attempt to force nature into the conceptual boxes supplied by professional education,” as Kuhn puts it.
- Sometimes scientists observe things that don’t fit existing paradigms (Kuhn calls these anomalies), and when enough strong anomalies build up and validate each other, a new paradigm emerges and the old paradigm bursts. These shifts are scientific revolutions, “tradition-shattering complements to the tradition-bound activity of normal science.”
- Scientific revolutions happen slowly. They also threaten the status quo. Remember Galileo, put under house arrest for claiming the Earth revolved around the sun (not the other way around)?

After that year, I found Kuhn’s ideas informing my thoughts about all sorts of things.

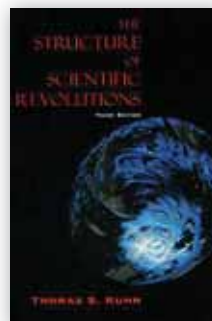
Aren’t we all part of communities with agreed-upon, foundational beliefs? Deep down, conscious of it or not, we think we know something about what the world is like, and we gravitate

toward others who think similarly. It’s easy to go about our days without stopping to question these fundamental assumptions, though they can limit what we’re capable of seeing and believing is possible. So usually, we’re open to interpreting the world only in ways that perpetuate what we—and our communities—already believe to be true.

Thankfully, anomalies happen. We get shaken up, surprised, or just baffled by life. We get hints that the world might be different from what we’d thought. It’s easy to shun these inklings and to tell ourselves, “No, that can’t be true,” or “I must be crazy,” or “But that’s just not the way things work.” Sometimes, however, the anomalies *are* true, and we’re *not* crazy, and we’ve gotten a glimpse of something that could actually *redefine* the

way things work. A well-timed, powerful new insight has the potential to shape an entirely new paradigm around it—shifting the scope of possibility in the world!

When I became an MBA student at the Stanford Graduate School of Business, Kuhn’s ideas melded with my studies of innovative organizations and how these organizations create new products, new markets, and in a way, entirely new paradigms. Many begin with a bold, fresh in-



sight about how things could be better—a kind of prescriptive anomaly. They then build themselves around this vision. Sitting in one of Professor Bill Barnett’s strategy courses one day, I realized that this was happening with Kiva, then only a year old: We had seen before us the enormous untapped potential of entrepreneurs’ stories to form connections and inspire action, and we had then used technology and microfinance to build the company around this insight.

Want to start your own revolution? Be aware of your most basic assumptions, and be ready to question them. Keep your eyes open. You might see something new and true. Trust yourself when you do. Follow the insight. It just may be the first step to changing the world. ■

JESSICA JACKLEY FLANNERY cofounded Kiva, the first peer-to-peer microlending Web site. She believes that microfinance, relationships, and stories are powerful tools for change. She holds an MBA from the Stanford Graduate School of Business and a BA from Bucknell University.

officials comply in virtually every aspect of sex trafficking, from acquisition to movement to exploitation. Victims frequently testify that police raped and arrested them, shook down brothel owners for bail money, or returned them to slave owners when they tried to run away.

Given the extent of police violence against women and men in the commercial sex industry, it is little wonder that human rights activists seeking protection for them are enthusiastic about sex worker organizations that effectively limit police access to portions of their brothel neighborhoods altogether. The success of such associations in India and Thailand in protecting their members from police violence and in encouraging condom use has persuaded some human rights leaders that they are a viable alternative to law enforcement.

Kara and I beg to differ, however. Banning police from red-light districts may protect sex workers from official abuse, but it limits the prospect of rescuing children and slaves from exploitation by perpetrators other than corrupt police—namely the traffickers, pimps, and mamasans (madams)

who are making a killing off them. We have found that brothel owners do not hand over their top moneymakers if you simply ask them nicely to do so. Banning police also denies non-trafficked sex workers protection from abusive customers, pimps, and managers, and it eliminates the possibility of perpetrator accountability.

What are we to do, then? Kara believes that “the most effective way to reduce aggregate demand is to attack the industry’s immense profitability by inverting its risk-reward economics, that is, by making the risk of operating a sex slave operation far more costly.” He recommends attacking profitability at slavery’s most vulnerable point: the place of consumption. And he offers seven tactics for increasing investigations and reducing corruption in police departments and judiciaries.

Chief among these tactics is circumventing corrupt police with a new force consisting of international police and local law enforcement, pursuant to a new antislavery convention. This emphasis on law enforcement is the right approach, but the mechanism is wrong. Donor nations are about as

likely to create and fund a slavery intervention force as slavery-plagued governments are to submit to it. After 30 years in the human rights movement, I find it unlikely that the international community will create a force to confront trafficking in a Bombay brothel when it has failed to protect Darfurians from genocide in Sudan.

Moreover, Kara has given up on the possibility of national governments and local police forces too soon. It is a sovereign government’s duty and obligation to provide the protection of law to all—including children and slaves in the sex industry. The combination of international pressure, robust social demand, and the training and leadership of police can make significant inroads against sex trafficking. We’ve seen this in our target areas.

Even without fundamental reform, for instance, Cambodia’s government has made extraordinary gains in eradicating the sexual exploitation of young children by creating an anti-trafficking police task force and briskly prosecuting and sentencing to jail those arrested on anti-trafficking charges. The government’s record is not perfect, and



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there is still a staggering amount of child sexual exploitation in Cambodia. In fact, exploitation is growing in areas of the country that are newly open to transnational economic activity, just as Kara's analysis would predict. But the clear progress seen in Phnom Penh over the past five years suggests that we should not reject the approach of making local public justice systems work for the poor and vulnerable before it truly has been tried.

Although Kara underestimates the contribution of national governments and local police in his abolition framework, he has produced an impressive, scholarly book that will prove an asset for the global anti-trafficking movement in the next decade of its work protecting vulnerable children, women, and men. He proposes solutions without glibness and deeply explores the roots and reality of the problem without hopelessness. In my mind, Kara's is the best book yet on the enduring problem of modern-day slavery. ■

Deconstructing Social Entrepreneurs

Review by Diana Wells

THE SEARCH FOR SOCIAL ENTREPRENEURSHIP

Paul C. Light
192 pages, Brookings
Institution Press, 2008

It's taken more than two decades, but people are finally recognizing the importance of social entrepreneurs.

These new stars are routinely invited to the World Economic Forum, are featured prominently at the Clinton Global Initiative, and have their own annual meeting at Oxford University, thanks to the Saïd Business School and the Skoll Foundation. Ashoka's own network of social entrepreneurs invited its 2,000th member last year. And according to Ashoka's University Network for Social Entrepreneurship, more than 350 faculty members are actively teaching or researching social entrepreneurship around the world. Some 30 universities run programs on social entrepreneurship, offering centers, majors, and master's degrees.

DIANA WELLS is president of Ashoka, a global organization that invests in and connects social entrepreneurs. She is also on the advisory board for the Center for the Advancement of Social Entrepreneurship at Duke University's Fuqua School of Business, and a board member of GuideStar International.

In his new book, *The Search for Social Entrepreneurship*, Paul C. Light, professor of public service at New York University, uses his considerable talents to provide a rich discussion of the most important issues in the field of social entrepreneurship. Although other academics (J. Gregory Dees, Johanna Mair, and Alex Nicholls) have tracked social entrepreneurship's growth for a number of years, Light brings a healthy skepticism and a critical eye to these issues. His book is well written, accessible to nonacademic readers, and data-rich—Light balances substantial literature review (500 studies) with the presentation and analysis of his own multiple research endeavors.

Light begins with a review of the debates about how to define social entrepreneurs. Indeed, Light himself has criticized Ashoka for being too exclusive in its definition and leaving out others deserving of support and recognition. (See his article, "Reshaping Social Entrepreneurship," in the fall 2006 issue of the *Stanford Social Innovation Review*.) To which I would respond, that yes, Ashoka has long defined the social entrepreneur as a one-in-10-million individual who has a new idea that can truly transform a society. But we also believe that all people can be "changemakers"—engaging in the very social entrepreneurial activity that Light discusses—as long as they take initiatives to fix the elements of our society that are broken. A leading social entrepreneur and a community of changemakers depend on each other for success: Social entrepreneurs need engaged, motivated citizens, and changemakers need social entrepreneurs as role models whose vision inspires them to act.

In his next chapters Light compares new and older organizations, and he presents data to challenge the notion that older organizations are less able to support new ideas when they arise from within. He lists factors that he believes keep organizations entrepreneurial: alignment around a vision, adaptability, alertness, and agility. (Ashoka's critical factors, by comparison, have always been a new idea, entrepreneurial skill, social impact, and ethical fiber.)

Chapters 5 and 6 are the book's most compelling. Light lays out his own survey

of 131 organizations and explains his method, which was basically to ask the organizations' leadership a series of questions and then sort them into three groups: highly entrepreneurial, moderately entrepreneurial, and not so entrepreneurial. This method allows him to compare the groups' strategy and impact.

According to Light, the most entrepreneurial organizations have a greater percentage of engaged founders, governance models focused on driving innovation, more participatory leadership, and relatively flat hierarchies. These organizations rapidly grow their budgets or revenues and make a significant social impact. Light also concludes that the single most defining characteristic of the social entrepreneur is "perseverance against an array of obstacles." And based on his data, Light now concedes that social entrepreneurship involves big change on a big scale.

Light also reminds us of the problems that social entrepreneurs face today. The most notable one is the unfortunate reality that socially entrepreneurial organizations need unrestricted funding to allow them to remain innovative. These are the most difficult types of investment funds to find, and it is becoming even harder to get them—unrestricted funding decreased between 2001 and 2006, even while revenue in the sector increased significantly. Ashoka's own experience is that it is precisely unrestricted funding that provides the freedom for social entrepreneurs to explore and test new ideas from within; in other words, to practice as a learning institution.

What will we take away from Light's findings? Academics will consider the book methodologically sound and a good overview of the literature. Potential investors in social entrepreneurship will use its insights to inform their investment decisions.

As for me, someone who's built awareness around social entrepreneurship for two decades, I take away an appreciation for Light's rich data and his insightful analysis, which led him to reverse some of his earlier assumptions about social entrepreneurs, or to have "a conversion," as he terms it.

Data matter! ■

