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Artificial Intelligence and Philanthropy: The Cybernetics of Philanthropy from 1974 to 2024

Abstract

OpenAI, creator of ChatGPT, was founded as a nonprofit with a mission of ensuring that artificial general intelligence benefits all of humanity. AI, therefore, was intended to advance the common good, sharing an underlying principle with philanthropy and the nonprofit organizations it supports. However, this was not the first association of machine learning with philanthropy, particularly in terms of algorithms designed for control versus those aimed at doing good. In 1974, a white paper by Heinz Von Foerster, a polymath scientist who happened to be president of an important foundation, considered the potential of computer-based feedback systems to improve "giving with a purpose." A review of his paper served as the impetus for this essay, which explores the antecedents of contemporary predictions regarding the potential of AI to enhance the practice of philanthropy.

Introduction

ChatGPT seized the public imagination soon after it was released in November 2022, introducing the prospect that artificial intelligence (AI) had become a reality in everyday life, available to everyone with internet access. Predictions of its possibilities were boundless, including fears about what it could do if not controlled. OpenAI, creator of ChatGPT, was founded as a nonprofit in 2015 although it subsequently formed a for-profit subsidiary in 2019. The guiding charter of the controlling nonprofit was announced in 2018: "OpenAI's mission is to ensure that artificial general intelligence (AGI)—by which we mean highly autonomous systems that outperform humans at most economically valuable work—benefits all of humanity".[1]

AI, then, was to advance the common good, sharing an underlying principle with philanthropy and the nonprofit organizations philanthropy supports. In 2023, Google AI for Social Good made a similar claim, "We believe that AI is a foundational and transformational technology that will provide compelling and helpful benefits to people and society through its capacity to assist, complement, empower, and inspire people in almost every field of human en-

1 OpenAI, "OpenAI Charter," 2024, https://openai.com/charter.

deavor".[2] Other champions of AI have made similar commitments to do good through its responsible use.

Exciting as the current conception of AI may be, it is not the first computer concept to make a connection between machine learning and philanthropy, between algorithms of control and doing good. In 1974, a white paper by Heinz Von Foerster, a polymath scientist who happened to be the president of an important foundation, considered the potential of computer-based feedback systems to improve "giving with a purpose".[3] A review of his paper was the impetus for this essay, which explores the antecedents of contemporary predictions of the potential of AI to enhance the practice of philanthropy.

AI's Immediate Appeal to Nonprofits and Concern to Grantmakers

Despite being on the scene only two years, there are already multiple tools designed specifically for fundraising, grantmaking, and nonprofit management—and many more are in development. Scholars at the Dorothy A. Johnson Center, for example, have been tracking AI for several years, noting in a 2024 analysis, predicting a new level of accessibility and opportunity: "With cost no longer the primary barrier to entry, nonprofits and foundations who invest the necessary time and capacity into exploring these new tools and commit to using them responsibly will benefit the most from this emerging technology".[4]

Academics, practitioners, and vendors alike are asking just what the benefits of these new tools might be—especially when potential and as yet unknown implications are considered. Might there be a diminishment of heretofore prized interaction of human beings with and within philanthropic organizations resulting in a loss of trust, reciprocity, gratitude, or social capital? Wherein do efficiencies lie and at what costs? Will human goals and values be superseded by algorithms generated by machines? Each new question generates another. Fundamental questions related to using new and as yet undeveloped AI tools are being explored across the sector based more on speculation than facts, case studies, or longitudinal assessments. The philosophical question of whether AI can even be designed to include moral agency is unknown, and it may not be desirable even if possible, as ethicist Joanna Bryson argues, concluding "that while constructing AI systems as either moral agents or patients is possible, neither is desirable. In particular, I argue that we are unlikely to

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2 James Manyika, Jeff Dean, Demis Hassabis, Marian Croak, and Sundar Pichai, "Why We Focus on AI," *Google AI*, January 16, 2023, https://ai.google/why-ai/.

3 Heinz von Foerster, "Giving with a Purpose: The Cybernetics of Philanthropy," *Occasional Paper* 5 (Washington DC: Center for a Voluntary Society, 1974).

4 Kallie Bauer, "The Artificial Intelligence Revolution Arrives in Philanthropy," 2024, https://johnsoncenter.org/blog/11-trends-in-philanthropy-for-2024/.

construct a coherent ethics in which it is ethical to afford AI moral subjectivity".[5] So many such analyses are occurring so quickly in so many venues that meaningful conclusions are at best guesses—but the answers will have enormous consequences. A sampling of the early inquiries and speculations are noted throughout this essay, and it is important to emphasize that at this stage nothing is yet certain.

As one philanthropy company, Good360,[6] has noted, "There's a technological transformation happening right now that some say will be on par with the arrival of the computer age or the advent of the Internet: It's the rise of artificial intelligence (AI) tools like ChatGPT that ordinary people can use to automate a vast variety of tasks" such as marketing and communications, grant writing, data mining and analysis, predictive analytics, and client interactions. DonorSearch,[7] a research platform, claims to have created "the most advanced machine learning algorithm ever developed for the nonprofit sector."

However, there are ethical worries, including those specific to philanthropy, despite obvious enthusiasms.[8] As *The Smart Nonprofit* author Beth Kanter and her nonprofit colleagues have warned, there is a difference between AI and earlier computer innovations: "It's making decisions that only people could make until right now. This includes decisions about who to hire and what stories to tell, and it makes this moment both exciting and terrifying".[9]

Among philanthropists, especially foundations, there is also caution. In November 2023, ten foundations joined in a $200 million plus effort to "ensure that AI advances the public interest" aimed to "mitigate AI harms and promote responsible use and innovation".[10] In part this initiative is because some grantmakers are already using AI to help in decision making. In an informal survey, Foundation Source estimated that as of early 2023 about 26% of grantmakers were using or planning to use AI, with others waiting to see what the implications might be: Foundation Source asked, can AI be used "by foundations to evaluate applications for funding" and then noted that AI could be used by different parties during the development, review and approval of a

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5 Joanna J. Bryson, "Patiency Is Not a Virtue: The Design of Intelligent Systems and Systems of Ethics," *Ethics and Information Technology* 20 (2018): 15–26.

6 Good360, "How Nonprofits Can Use AI to Increase Fundraising and Engagement." Good360 (blog), June 14, 2023.

7 DonorSearch, "DonorSearch Ai," 2024, https://www.donorsearch.net/donorsearch-ai/.

8 Cherian Koshy, "Artificial Intelligence and Fundraising Ethics: A Research Agenda," *Fundraising Ethics* (Portsmouth, UK: Rogare: The Fundraising Think Tank, 2024).

9 Beth Kanter, Allison Fine, and Philip Deng, "8 Steps Nonprofits Can Take to Adopt AI Responsibly," *Stanford Social Innovation Review*, September 2023, https://ssir.org/articles/entry/8_steps_nonprofits_can_take_to_adopt_ai_responsibly.

10 Ford Foundation, "Philanthropies Launch New Initiative to Ensure AI Advances the Public Interest," 2023, https://www.fordfoundation.org/news-and-stories/news-and-press/news/philanthropies-launch-new-initiative-to-ensure-ai-advances-the-public-interest/.

single application, begging the question . . . who ultimately is in control? Their basic question was, "Can AI accurately assess the nuances that determine if a grant application is worth funding better than a person can?"[11]

Other foundation initiatives include a Sloan Foundation project that raises questions about whether "results can or should be trusted." They are interested in "identifying and mitigating algorithmic bias, the role of training and benchmarking datasets in AI development, how Machine Learning techniques enhance or degrade rigor and reproducibility, and the ways that algorithmic recommendation systems influence trust in knowledge".[12] One of the unknowns about AI in grantmaking is the degree to which it can overcome bias without perpetuating it, become more equitable and inclusive, and engage those whom philanthropy is intended to help in defining and addressing their own needs. Despite the novelty of AI, these concerns have been central to philanthropy for some time—decades even.

The concepts of "participatory grantmaking" and "trust based philanthropy" have found more adherents since their origins in past decades but also critique.[13] There is ongoing concern about a disconnect between organizational recipients and their donors as a result of over-reliance on data driven, "strategic philanthropy" instead of the insights of those impacted.[14] Still, there persists a strong argument that "grantmaking should rely on professional staff to make expert decisions," as recently stated by Manhattan Institute critics.[15] In a rebuttal, three foundation and nonprofit officials have argued that "What's missing is the role of the community in defining and shaping the purpose for which grants are made. If a donor actually cares about the success of an organization, their support should be predicated on a common mission for its end purpose, not to enact their personal goals, nor to be personally appreciated".[16]

Even without taking AI into account, the extraordinary combination of events reshaping the purposes of philanthropy in the past five years has been nothing short of stunning: The impact of the global Covid pandemic, the

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11 Foundation Source, "Philanthropic Giving & Generative AI: Who's Really In Control?" 2023, https://foundationsource.com/blog/philanthropic-giving-generative-ai-whos-really-in-control/.

12 Alfred P. Sloan Foundation, "Exploratory Grantmaking in Technology," 2024, https://sloan.org/programs/digital-technology/exploratory-grantmaking-in-technology.

13 Cynthia M. Gibson, Lisa Pilar Cowan, and Jocelynne Rainey, "Philanthropy Needs to Trust the Real Experts—the People It Supports," *Nonprofit Quarterly*, 2024, https://nonprofitquarterly.org/philanthropy-needs-to-trust-the-real-experts/.

14 J. Bennet, C. Damick, K. Layne, B. Murphy, D. Salas, and K. Swanson. 2021, "Strategic Philanthropy Gets a Wake-up Call," *Nonprofit Quarterly*, 2021.

15 James Piereson and Naomi Shcaefer Riley, "The Problem With 'Trust-Based Philanthropy,'" *City Journal* (blog), December 13, 2023, https://www.city-journal.org/article/just-trust-us/.

16 Gibson, "Philanthropy Needs to Trust the Real Experts."

growing public distrust of once esteemed civic organizations, radical income disparity, movements responding to social injustices, politicization and polarization of values, growing authoritarianism, environmental and human disasters, improvised truth, identity politics, and now the full emergence of AI agents with unknown consequences for good and evil. Each of these developments, and others, has had an impact on the purposes and means of philanthropy worldwide, but especially in the United States, with its early global lead in creating and guiding the development of AGI for social benefit as well as commercial and military applications.

What is little known and less appreciated in the current excitement over AI's uncertainties is that this same issue was at the heart of using machine learning to advance the common good when it was first raised fifty years ago. Cybernetics—the science of control and communications—was already exploring these issues in the 1940s and 1950s. The realization that algorithms controlled most of the human interactions with computing was already well-established before ChatGPT became the "peoples' machine." The beginning consideration of AI's potential for philanthropy may have been in 1974, with publication of Von Foerster's paper, *Giving with a Purpose: The Cybernetics of Philanthropy*.[17]

While not literally an autonomous system designed to outperform human philanthropists, Von Foerster's proposed concept was intended to address societal issues, problems, and challenges not unlike those of today. His design was intended to give presence to typically excluded points of view and to recognize that there is relevant information beyond what experts might know or acknowledge. Some of the emerging concepts of inclusive philanthropy—generated out of contemporary social awareness—have begun to address Von Foerster's concerns about "how to give" even without the benefit of AI algorithms and formulae. It is still worth considering how systems thinking of 1974 might inform actions and even guide AI's application to philanthropy in 2024. Social conditions are similar, but the tools are more powerful, computers are ubiquitous, and information is commodified. Afterall, there has been considerable organizational learning since the seventies, which itself was a key intention of Von Foerster's design.

Reinventing the Past

The 1974 paper was written by Heinz Von Foerster, an Austrian scientist (and relative of Ludwig Wittgenstein), a post-WWII distinguished electrical engineer at the University of Illinois Urbana-Champaign, one of the founders of cybernetics, and at one time the president of the Wenner-Gren Foundation. Von Foerster focused his application of cybernetics on the "interface," or in-

17 Von Foerster, "Giving with a Purpose".

termediaries, to which foundations and philanthropists entrust their wealth to achieve their purposes.

Significantly, Von Foerster's paper was written at the insistence of John Dixon, then director of the Center for a Voluntary Society (CVS), which provided funding for the Association of Voluntary Action Scholars (AVAS). Formally established as a 501(c)3 in 1971, the Association changed its name to the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) in 1991. David Horton Smith, the acknowledged founder of AVAS and ARNOVA, was the full-time director of research for CVS from 1971 to 1974, during which time much of his time was devoted to the creation of AVAS—and ARNOVA.[18] It was a highly generative period for research on the voluntary sector broadly and philanthropy in particular, especially given the major social changes underway during the initial Association's first five years—a time when many academic scholars, think tank officials, and government researchers were exploring the best way for philanthropists and governments to address the pressing social needs of the late 1960s and the 1970s.

Von Foerster described how cybernetics offers an effective, efficient, and objective means to achieve *purpose* by offering a rigorous framework for analyzing goals and by allowing the quantification of uncertainty. He argues—based on information theory—uncertainty is necessary if philanthropy is to identify actual root needs and problems in a changing society. The reverse is the ironic pitfall of philanthropists who seek to *reduce uncertainty* as the perceived path to avoiding mistakes and achieving their goals by relying (exclusively or even primarily) on past experiences. By focusing on past successes, in both defining problems and needs as well as the measurement of success, philanthropists forego the possibility of uncertainty, the unknown (including hearing unknown and typically ignored "voices" from society at large). Von Foerster argues that these perspectives and unknown solutions are essential to address new problems and new needs precisely because they *are* new.

Moving Forward

In our bringing Von Foerster's long-forgotten essay forward, those more interested in how his paper might help address the challenging social, political, and economic conditions of today, instead of cybernetics or AI per se, might wonder why we do not more often cite Von Foerster's own sense of the challenges as they existed in his time. Why was he compelled to propose a new way of thinking about philanthropy? Although clearly aware of social conditions in his role as a leader of the Wenner-Gren Foundation—as well as a university professor during a highly charged period in American history marked

18 David Horton Smith, "A History of ARNOVA," *Nonprofit and Voluntary Sector Quarterly* 32, no. 3 (2003): 458–72.

by campus protests akin to today—his essay takes for granted that his audience was well-grounded in the experiences of the time. The paper's sponsor, CVS, was itself founded out of the immediacy of the incendiary times. As a consequence, we touch on some of the events of the time that contextualize "why" Von Foerster felt compelled to offer a way of addressing voluntary action for the common good during a period when it was clearly needed.

One of the most important inferences to draw from both Von Foerster's model and from contemporary statements articulating giving through participatory grantmaking and trust-based philanthropy is the intent to include more historically excluded perspectives. It appears Mackenzie Scott intended just such a recognition in naming her organization "Yield"—"after a belief in adding value by giving up control".[19] But how?

There is value in hearing often excluded voices for the sake of plurality in a democratic society. There is also value in a recognition that drawing on past experiences to define social needs (problems) and acceptable (safe) solutions (requests for proposals) does not take into account what is unknown and untried even as building on past knowledge is essential. Although trends toward more inclusive decision making by foundations and philanthropists are apparent in the purposes articulated by adherents of participatory and trust-based philanthropy, there is still a legacy of risk avoidance (by relying on past grantees with records of success) or hesitancy to promote risk-taking among grantees.

A 2015 study of risk-taking among 70 foundation staff found ample reason to consider the personal biases and experiences of individuals making decisions.[20] It noted "there are grounds for debate as to whether foundations should be risk-neutral (and function principally in areas where market failures, information asymmetries, and limited target populations make action by other sectors unlikely) or risk-takers (so as to promote more uncertain and perhaps more innovative steps that business and government will not)." The study ultimately concluded that more academic research and more organizational self-study would be needed to resolve the tension.

A few years later, well before AI became central to philanthropic practices, Julia Stasch, the CEO of the MacArthur Foundation, would reflect the growing thought of many of her counterparts in stating, "taking more risk is an imperative for philanthropy in the current era of sweeping national and global change and declining trust in key institutions, including those that undergird our democracy. Foundations can be far less risk averse than government, which invests public dollars, or the private sector, which must answer to shareholders.

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19 Yield Giving, "Gifts," 2024, https://yieldgiving.com/gifts/.

20 John R. Ettinger and John T. Ettinger, "Understanding Risk Tolerance in Grantmaking." *Stanford Social Innovation Review,* 2015.

In short, philanthropy is best positioned to provide society's 'risk capital'".[21] Experiments, innovations, and controlled risk-taking have found their way into organizations while the personal risk tolerances of individual donors, whether through their own family foundations or donor advised funds, remain largely unknown and undoubtedly quite varied. As Stasch stated in her commentary, "a single gift of $100 million is inherently risky," and for donors who have smaller gifts to make the risks are proportionately just as inherent.

In 1974, "Giving with a Purpose" had already recognized this deficit in philanthropic giving and proposed a solution for which the right time to implement may have arrived—or at least be noted. Would reconsidering cybernetics in the current context of rapid AI developments help guide AI in philanthropy to better results? Cybernetics would seem to say only if the AI systems provide "feedback," a "process where the observed outcomes of actions are taken as inputs for further action in ways that support the pursuit, maintenance, or disruption of particular conditions, forming a circular causal relationship"[22]—a definition generated by the collective intelligence of crowd sourcing (and used to make a point about "new" ways of learning). This unattributed understanding has, of course, been more seriously studied and described, especially by early pioneers in developing theories of organizational learning. For example, Argyris and Schön describe single and double loop feedback systems,[23] the latter of which fits especially well with the cybernetic model being considered here. The single loop explains how a failed approach to a problem can be corrected by a different action, whereas the double loop feedback not only suggests a different approach but also reconsidering the original goal, which for a philanthropic organization might also entail changing policies, procedures, or objectives.

It is important to note that "diversity" in Von Foerster's formulation assumes taking into account different elements, qualities, or values of all kinds—including, but not only, diverse people and organizations. Philanthropists—individuals or foundations—can include new information only if they are self-aware of their own observations and concepts, understand how they may predetermine outcomes, and treat them as the basis for new, recursive observations by asking what may be lost in the way purposes and goals have been framed. AI may hold unprecedented, useful ways to address this conundrum of discovering information we don't know we don't know, even as current large language models like ChatGPT create "hallucinations." Fabricated information is estimated to

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21 Julia M. Stasch, "Taking Risk and Requiring Evidence," *MacArthur Foundation*, 2017, https://www.macfound.org/press/perspectives/taking-risk-and-requiring-evidence.

22 Wikipedia, "Cybernetics," *Wikipedia*, 2024, https://en.wikipedia.org/w/index.php?title=Cybernetics&oldid=1211131381.

23 Chris Argyris and Donald A. Schon, *Organizational Learning II: Theory, Method and Practice* (Reading, MA: Addison-Wesley, 1996).

be made up and without validation about 3% of the time,[24] a problem AI engineers continue to address and the general public ponders in discerning what is "real," beyond more intentional disinformation and fakes.

Some critics of AI's role in philanthropic interactions have noted that AI's tendency to enable deep fakes might exacerbate some grant applicants' exaggeration or omission of relevant information, and some funders lack of transparency about their actual processes for making awards or tracking past grants results. It remains to be seen how extensive a role AI actually plays in deceptive practices, especially since funders and nonprofit leaders are keenly aware of the dangers, as noted throughout this essay. This problem, of course, is cross-sector and has the potential to affect almost every aspect of life. Only time and experience will determine how disinformation and fraud can be constrained, but AI itself may offer at least some means of detection and revelation, as Arijit Goswami suggested in a World Economic Forum blog titled, "Is AI the only antidote to disinformation?" while worrying that "the stability of our society is more threatened by disinformation than anything else we can imagine".[25] The model proposed by Von Foerster, of course, was itself susceptible to false information since deceptive practices in philanthropy, as other human interactions, have long been around. However, cybernetics uses "information" in a more prescribed formulation than ordinary language usage suggests.

Philanthropy is, at its core, a deeply human and personal set of interactions based on trust and purpose, relying on "ordinary" language familiar to and accepted by those who use it, even when specialized language of contracts and formal agreements, for example, may require interpretation and definition beyond "ordinary" understanding. Everyday communication is complicated, prone to error and misunderstanding, but it generally works. Information and communication in AI, with its underlying information theories and cybernetics, use these same terms in specialized, scientific, technological, and mathematical ways as discussed subsequently. There is no easy way to differentiate a word such as "information" as it is used in ordinary discourse from, say, a cybernetic application.

We call attention to this situation early in this essay to alert the reader to very different contextual meanings associated with words such as "information." We intend our use of the term to be that of ordinary discourse. We note that among current creators of AI systems, as well as cybernetic theorists, the concept of "information" has long been problematic, ambiguous, and ill-defined from its early use by Norbert Weiner, a founder of cybernetics,

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24 Cade Metz, "Chatbots May 'Hallucinate' More Often Than Many Realize," *The New York Times*, November 6, 2023, sec. Technology.

25 Arijit Goswami, "Is AI the Only Antidote to Disinformation?" *World Economic Forum*, July 2022, https://www.weforum.org/agenda/2022/07/disinformation-ai-technology/.

who offered a Delphic definition: "information is information, not energy or matter." Claude Shannon, Weiner's collaborator, added to the uncertainty of meaning when commenting on Weiner's definition, noting "it is hardly to be expected that a single concept of information would satisfactorily account for numerous possible applications of this general field [i.e., information theory and cybernetics]".[26]

As critics and advocates alike have pointed out, the balance between AI's capacity to do good and to do evil is unknown, although the ability for deception, misinformation, algorithmic errors ("hallucinations"), and fraud taking form as "information" are all possible and highly probable. Therein lies an irony that the cybernetic model Von Foerster proposes relies on information that AI has made problematic because it can be manipulated and used to deceive as well as "communicate."

The Big Question: AI Use's Impact on Marginalized Recipients Whose Perspectives Are Often Excluded

As was the case in 1974, a major unknown about cybernetics and AI centers on impacts for often excluded perspectives in determining the rules of operation: Whether these powerful tools can not only be more inclusive, equitable, and just, but whether they can "act" without bias. As the nonprofit Why Philanthropy Matters asks, can they overcome "'algorithmic bias': where algorithms trained on data sets that reflect historical biases for factors like race or gender come to exhibit those same biases (and often strengthen them) over time?"[27] This question is of legitimate concern across the political, religious, and economic spectrums.

The same basic questions about diversity, inclusion, and equity in contemporary philanthropy haunt generative AI as much as did the hope that cybernetics might open the vexing social issues of the 1960s and 1970s to new approaches, new information, new definitions, new participants, and new solutions. AI as we currently know it depends on its ability to process human language as the basis of a machine's "thinking" in video and pictorial outputs as well as verbal. AI programs that learn from large language models like ChatGPT can extract knowledge from unimaginably large numbers of people scattered across languages, cultures, history, and nations, going well beyond the

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26 Eugene Perevalov, "What is Information After All? How the Founder of Modern Dialectical Logic Could Help the Founder of Cybernetics Answer This Question," Lehigh University, 2021, https://engineering.lehigh.edu/sites/engineering.lehigh.edu/files/_DEPARTMENTS/ise/pdf/tech-papers/21/21T_004.pdf.

27 Why Philanthropy Matters, "Philanthropy & A.I. - Why Philanthropy Matters." 2022, https://whyphilanthropymatters.com/guide/the-future-of-philanthropy/philanthropy-a-i/.

limits of familiar crowd-sourcing programs like Wikipedia (in itself a primary source for ChatGPT and the like).[28]

The prospects for more inclusive insights, concerns, and innovations through what has been called collective intelligence give funders the potential "to identify 'under-the-radar' groups and organisations working on particular causes or in particular local areas and reach out to them (rather than waiting for them to make a grant application)".[29] As already noted, however, AI can also be used to create fake images, personal profiles, and even whole identities to fool grantmakers into believing they are hearing from—and including—actual but socially excluded people, leading to "unjust" giving because the intention of inclusiveness and diversity has been corrupted by the generative ability of algorithms. The very groups to whom philanthropy is directed may again be excluded, ironically, by insisting on their presence even if it is "artificial". Addressing contemporary social, economic, environmental, health, and technological challenges appears to depend on the presence and actual participation of "the excluded middle," what novelist Thomas Pynchon named and popularized in his 1965 novel, *The Crying of Lot 49*, a prescient work that explores the implications of finding information in a digital world where there exist only binary choices—1 or zero, yes-no, open-closed, real-fake.[30] Life is not so simple, so defined, as Pynchon's characters dramatize in their search for hidden meaning—between 1 and zero.

On this edge of a new AI-opened world during a time of exceptional societal challenge and change, institutional and individual philanthropists are grappling with how to help. Despite the scale of major gifts, philanthropists are struggling with how to engage—and support—those most in need, how to achieve specific goals in a timely manner, and how to assess the results. One obvious example of alternative approaches arises when a donor decides whether to restrict the purpose of a gift. There have been gifts of unprecedented magnitude and a widening range of purposes from those restricted by donors, such a Michael Bloomberg's $1.8 billion gift to Johns Hopkins University in 2018,[31] to McKenzie Scott's unrestricted gifts totaling over $16 billion to nearly 2,000 nonprofit organizations since 2019.[32]

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28 Jon Gertner, "Wikipedia's Moment of Truth," *New York Times*, July 18, 2023, sec. Magazine.

29 "Philanthropy & A.I. – Why Philanthropy Matters," *Why Philanthropy Matters*, accessed October 21, 2024, https://whyphilanthropymatters.com/guide/the-future-of-philanthropy/philanthropy-a-i/.

30 Francisco Collado-Rodríguez, "Trespassing Limits: Pynchon's Irony and the Law of the Excluded Middle," *Oklahoma City University Law Review* 24 (1999): 471.

31 Bloomberg Philanthropies, "Johns Hopkins University" *Bloomberg Philanthropies* (blog), 2024, https://www.bloomberg.org/founders-projects/johns-hopkins-university/.

32 Yield Giving, "Gifts."

While some mega-donors make gifts with their own certainty of purpose, several institutional donors have conspicuously sought less hierarchical, more participatory ways of giving to address historic inequities and to integrate those not usually engaged in the processes of giving. The mix of certainty and uncertainty of purpose has invited government—and political—scrutiny of philanthropy, especially to institutions of higher education, as reflected in the "donor revolt" over the positions academic leaders took with regard to Hamas' attack on Israel, the Israel-Hamas war, antisemitism, and empathy for Gazans.[33] The 2024 political critiques of DEI more broadly, especially in higher education, have posed particular "problems" for regulating AI with regard to issues of bias because of the moral and linguistic ambiguity of competing value systems.

While certainly unique in many ways, the current challenges facing philanthropists considering or applying AI to improve philanthropy are not new. Indeed, a 2021 report detailed multiple examples of "philanthropic activities related to artificial intelligence, machine learning, and data science technology".[34] While decidedly not a priority for public and scientific applications of AI, philanthropic organizations have not been inattentive to the looming impact and potential. There is genuine interest in how philanthropy can better engage, listen to, and understand those whom it is expected to benefit.

One relatively new interest of some foundations and philanthropists has been using assessment to uncover some of the unknowns and uncertainties of giving with a purpose, especially as "purpose" may inherently reflect biases and be conditioned by past successes or failures. While not widely embraced, goal-free evaluation has made its way into philanthropic organizations as a supplement to more traditional goal-based evaluations. The methodology relies on screening the evaluator(s) from knowing what the stated or imputed goal(s) of the philanthropy were.

In a 2014 essay intended to promote goal-free evaluation to foundations, the authors stated: "The goal-free evaluator attempts to observe and measure all actual outcomes, effects, or impacts, intended or unintended, all without being cued to the program's intentions".[35] Goal-free evaluation has not significantly impacted traditional evaluations of the results of philanthropy, but its origins in the early 1970s resonate with Von Foerster's model. It has played a

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33 The Chronicle of Philanthropy, "Donor Revolts, Fundraising Fallout, and Why the Ivy League's Turmoil Matters to All Nonprofits," *Chronicle of Philanthropy*, December 15, 2023, sec. Opinion.

34 Patricia Herzog, H. Naik, and H. Kahn. 2021. "AIMS Philanthropy Project: Studying AI, Machine Leaning & Data Science for Good," *Indiana University*, 2021.

35 Brandon W. Youker and Allyssa Ingraham, "Goal-Free Evaluation: An Orientation for Foundations' Evaluations," *The Foundation Review* 5, no. 4 (2014): 6–20, https://scholarworks.gvsu.edu/tfr/vol5/iss4/3.

role in assessing or at least questioning the results of unrestricted giving and contributed to the rise of other evaluation theories, such as developmental and adaptive evaluation and, more recently, "equitable evaluation," which has been especially attractive to social justice grantmaking.[36]

Before Artificial General Intelligence

The beginnings of these speculations about AI and philanthropy begin in the 1970s—if not earlier. Von Foerster's paper posed a "cybernetics of philanthropy," based on information theory, to aid philanthropists in identifying a "good cause" and ensuring that the use of their wealth would actually have a "good effect".[37]

Von Foerster's work was greatly influenced by his participation in the Macy Conferences, sponsored by the Josiah Macy Jr Foundation from 1941 to 1960, based on the "Foundation's conviction in organizing interdisciplinary conferences as platforms for advancing knowledge"[38] to encourage and facilitate communication across scientific disciplines. A specific series of meetings related to cybernetics, which conference participant Margaret Mead defined as "a form of cross-disciplinary thought which made it possible for members of many disciplines to communicate with each other easily in a language which all could understand".[39] The cybernetics series lasted from 1946 to 1953.[40] The meetings were one of the earliest explorations of interdisciplinarity, which held considerable importance for philanthropy in years to come. It was Von Foerster who applied cybernetics to philanthropy.

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36 Miles Wilson, "Social Justice and a Relevant Philanthropic Sector: Evaluation," *The Center for Effective Philanthropy*, April 16, 2020, https://cep.org/social-justice-and-a-relevant-philanthropic-sector-evaluation/.

37 Von Foerster, "Giving with a Purpose".

38 Christopher Tudico, *The History of the Josia Macy Jr. Foundation*, edited by George E. Thibault (New York: Josiah Macy Jr. Foundation, 2012).

39 Margaret Mead, "Cybernetics on Cybernetics," In *Purposive Systems: Proceedings of the First Annual Symposium of the American Society for Cybernetics*, edited by Heinz Von Foerster and American Society for Cybernetics (New York: Spartan Books, 1968).

40 Heinz von Foerster once commented on defining cybernetics, "That is the fascinating thing about cybernetics. You ask a couple of people to give you a definition and although you don't get to know much about cybernetics from them, you find out a lot about the person supplying the definition, including their area of expertise, their relation to the world, their desire to play with metaphors, their enthusiasm for management, and their interest in communications or message theory" (Heinz von Foerster, "Definitions of 'Cybernetics,'" *American Society for Cybernetics*, 2024). Von Foerster is also credited with saying that cybernetics "interfaces hard competence with the hard problems of the soft sciences" (Heinz von Foerster, "Old Website," *American Society for Cybernetics*, 2024). The authors, accordingly, stipulate that they claim no expertise in AI, cybernetics, or information theory, instead suggesting a comparative perspective on how AI may offer benefits to purposeful philanthropy in the 2020s.

According to cybernetics, an observer—such as a philanthropist—has a relationship with information—such as the understanding of a purpose to which a gift is to be directed—that is affected by the observer's own prior knowledge and experience. The implication is that the action supported by philanthropy is at least affected, if not determined, by the observer/philanthropist's drawing on past knowledge to define the challenge to be addressed. Von Foerster's particular contribution to this discussion was, in essence, making clear that the philanthropist is also a participant and not a detached, objective outside observer to the action or purpose of the gift. He sought to use this self-awareness of the funder's own participation to help in reflecting ethically on actions being taken and to recognize the value of new knowledge, information, and perspectives for defining and acting on the challenge or problem.

Behind the language of cybernetics and information theory, beyond the mathematics and formulae, there is a very basic message in "Giving with a Purpose" that resonates with challenges of the 2020s. In essence, Von Foerster proposes a way for foundations and other philanthropists—philanthropic agents—to become learning organizations that can evolve based on their ability to find and use *new* information. The Macy Conferences were inspired in part because of the need to bring new approaches—new sciences, including social science—to bear on big issues, big challenges: "Hard competence to deal with the hard problems," as Von Foerster said. The same circumstance is leading philanthropists, especially institutional philanthropists, to learn new approaches in this new era of technological possibilities. None holds more interest than AI, with all of its promise and liability.

When identifying a good cause is based largely on stabile and self-referencing systems—as reflected in the actions of foundation professional staff who request proposals to address needs, which they have already defined—there is an inherent loss of potential new information and ideas from other sources and needs. Solutions are already prescribed by the definition of the problem to be addressed. Von Forester's model defines a process for learning through diversification to gather new information. His effort to leapfrog out of the dominant funding models of the 1970s represents an important learning opportunity for philanthropists in the 2020s. His intent reverberates in the many innovations, changes in operations, and commitments to inclusiveness being explored in the 2020s by individual philanthropists and foundations. Yet, those in need still have limited venues for saying what would be most helpful to them out of their own experiences—and they may sometimes be "represented" by machine-created fakes.

Over the past 50 years, those in need have become more vocal in expressing their exclusion than their counterparts of half a century ago, due to greater tolerance for listening, to more means of personal expression (often following catalytic events), and to the immediacy and intimacy of social media. Yet

AI seems to hold considerably more promise for addressing this critical need with seemingly greater attraction than cybernetics held for foundation leaders in the 1970s, thanks in large measure to experiments being tried under such banners as trust-based philanthropy, participatory grant making, or rights-balancing fundraising. As noted earlier, evaluation of philanthropy—whether purpose has been addressed—also shapes future giving and while there is hardly a significant culture change among foundations or the more affluent individual donors in how they view results, the still early and evolving methods of determining the effects, benefits, and unintended results of specific philanthropic acts remain open questions for scholars and donors alike. Change may be underway, but cautiously, even with the rapid adoption of many AI generated tools.

Fifty Years After "Giving with a Purpose"

In many respects, Von Foerster's proposed system of decision-making anticipated the current debate about how foundations and individual donors of large amounts should make decisions. Information becomes more important; data are critical; and for many, self-awareness of what is not known leads to new avenues of exploration. Mackenzie Scott, for example, startled the philanthropic establishment with her "black box" approach to identifying worthy recipients without prior identification of her goal or purpose—and without contacting or consulting those to whom she made gifts.[41] More startling, she made her gifts without restriction, relying on the discretion of those to whom the funds were entrusted.[42] She has largely relied on intermediaries who, presumably, are more attuned to the voices of the excluded.[43] Scott began her *Medium* post explaining her donations with a simple plea: "I want to de-emphasize privileged voices and cede focus to others".[44]

The lasting impact of Scott's approach to giving is uncertain, but the scale of her commitment to unrestricted giving—and to trusting the voice of those most in touch with the issues instead of her own definition—has sparked

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41 Marybeth Gasman, Resche Hines, and Angela Henderson, "The MacKenzie Scott Donations to Historically Black Colleges and Universities: Exploring the Data Landscape" (New Brunswick, NJ: Rutgers Center for Minority Serving Institutions, 2021).

42 Genevieve Shaker and Pamala Wiepking, "What Is Unrestricted Funding? Two Philanthropy Experts Explain." *The Conversation*, 2021, http://theconversation.com/what-is-unrestricted-funding-two-philanthropy-experts-explain-164589.

43 Drew Lindsay, "What MacKenzie Scott Wants in a Grantee — A New Analysis Offers Clues," *The Chronicle of Philanthropy*, 2024, https://www.philanthropy.com/article/what-mackenzie-scott-wants-in-a-grantee-a-new-analysis-offers-clues.

44 MacKenzie Scott, "Seeding by Ceding." *Medium* (blog), 2021, https://mackenzie-scott.medium.com/seeding-by-ceding-ea6de642bf.

considerable interest among nonprofits and foundations.[45] Early in 2023, Scott expanded her experiments in giving by creating an open call for applications from small nonprofits (with budgets between $1 and $5 million) but with initial "Participatory Review by other applicants using publicly posted evaluation criteria"[46] to ensure that the voices of those most impacted by her gifts had a critical role. The results were announced in 2024. Decidedly not a return to "conventional" grantmaking despite engaging an expert panel of reviewers following the participatory review and relying on the intermediary Lever for Change to manage the process, the open call can be seen as yet one more way to introduce new, previously unknown or unrecognized "information" and participants into the pool of eligibility. As the Center for Effective Philanthropy has noted, her "system" appears to be intentionally designed for change: "Rather than start a new foundation, her team is a mix of existing organizations, from a donor advised fund to Bridgespan and Lever for Change. She's using an array of available organizational tools that allow flexibility in tactics and duration".[47]

Of course, the actual results and impact of Scott's giving (and other giving inspired by her highly publicized approach to philanthropy) remain to be seen. They may not be fully assessed for a decade or more, especially if some of the more innovative approaches to assessment offer atypical insights into consequences, methods, and meaning or value. The role of AI tools thus far appears to be marginal to the overall approaches to philanthropy inspired by Scott. Yet to the extent an emphasis on social justice and increased inclusiveness remains central to future philanthropy, there may well be a role for AI in data gathering, identifying unrecognized participants, or assessing results. Given the infancy of AI development, it is impractical to predict the eventual roles such tools may play, especially without guard rails to separate the fake from the real.

While Scott's disruptive philanthropy galvanized attention on her own unusual process of giving, she is not alone in recognizing that urgent societal needs require new approaches. Many philanthropists abruptly modified past practices to address the pressing needs stemming from the global pandemic,

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45 Ellie Buteau, Elisha Smith Arrillaga, and Christina Im, "The Effects of Mackenzie Scott's Large, Unrestricted Gifts: Results from Year Two of a Three-Year Study," *Center for Effective Philanthropy*, 2023, https://cep.org/wp-content/uploads/2023/11/BigGiftsStudy_Report_Y2_FNL.pdf.

46 Lever for Change, "Yield Giving Launches New $250 Million Open Call to Elevate US Nonprofits Advancing the Voices and Opportunities of Their Communities," *Lever for Change*, 2023, https://www.leverforchange.org/learning/news/yield-giving-launches-new-250-million-open-call-to-elevate-us-nonprofits-advancing-the-voices-and-opportunities-of-their-communities/.

47 Bob Hughes, "What Can We Learn from MacKenzie Scott's Pivot to an 'Open Call' Giving Approach?" *The Center for Effective Philanthropy* (blog), 2023, https://cep.org/what-can-we-learn-from-mackenzie-scotts-pivot-to-an-open-call-giving-approach/.

the social, racial, economic, and gender justice movements, and the heightened polarization of communities made apparent in the early 2020s. Yet a few individual philanthropists—with privileged voices, as Scott might say—making very large gifts and upset with university presidents' responses to antisemitism stemming from the war in Gaza, have threatened to withhold their philanthropy, ironically, because the recipients are not listening to *them*. Of course, trustees and large donors have long exerted influence, enough to warrant the issuance of the American Association of University Professors' founding statement, the 1915 "Declaration on Principles of Academic Freedom and Tenure",[48] yet the recent intervention of donors has raised anew the undue influence donors might have on recipients' actions far beyond the purposes of the donors' gifts. Why should the donor of a basketball arena to a college have a say on whether to retain a DEI office or terminate a gender studies program? Early in this new era, the eventual impact of donor disruption is as unknown as Scott's, and AI may have little to say about donor activism.

In 2020, the Ford Foundation took the unusual step of borrowing $1 billion to respond immediately to the emerging crises: "Unprecedented times call for extraordinary solutions, and that's why we issued a social bond—the first ever by a foundation on the United States taxable corporate bond market—to ensure nonprofits can carry on their important work to serve the world's most vulnerable communities".[49] They were not alone in changing their process of giving with a purpose nor, under Darren Walker's leadership, taking a focus on social justice with the 2015 "Building Institutions and Networks Initiative (BUILD)," renewed in 2021.[50] While the means of creating the "extra" capacity to give was novel, the identification and attainment of purpose remain works in process as the Foundation appears to be following the established practice of identifying future programming based on past success.

Likewise, the Rockefeller Foundation committed to spending a billion dollars or more over three years "to catalyze a recovery from this crisis that delivers a more equitable and sustainable recovery and helps guard against future pandemics."[51] As with Ford, the Rockefeller Foundation decision process remains essentially the same despite the recognition of exceptional times

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48 Nichiolas Dirks, "Higher Education's Donor Problem," *TIME*, January 11, 2024, https://time.com/6554359/university-donor-problem-essay/.

49 Pioneers Post, "Ford Foundation Announces 'historic' $1bn Social Bond," *Pioneers Post,* June 12, 2020, https://www.pioneerspost.com/news-views/20200612/ford-foundation-announces-historic-1bn-social-bond

50 Ford Foundation, "FAQs: BUILD Grants," Ford Foundation, 2021, https://www.fordfoundation.org/news-and-stories/news-and-press/news/faqs-build-grants/.

51 Rockefeller Foundation, "Transforming a Billion Lives: The Job Creation Potential from a Green Power Transition in the Energy Poor World," *The Rockefeller Foundation* (blog), 2021, https://www.rockefellerfoundation.org/report/transforming-a-billion-lives-the-job-creation-potential-from-a-green-power-transition-in-the-energy-poor-world/.

and exceptional needs: "For more consequential outcomes, we channel our resources and expertise into a finite set of endeavors to assure measurable and meaningful impact".[52] Yet the Foundation has also recognized that conditions require accelerated innovation: "We leverage our research, analysis, funding, and partnering capabilities to ensure that the most advanced data science, artificial intelligence, and machine learning tools are deployed in ways that empower underserved communities, bridge knowledge gaps, prevent harm, and increase equity".[53]

In mid-2021, the Strada Education Network issued a symptomatic report, reflecting a growing sense that this is a transformative period in philanthropy. *Pathways to Impact* acknowledges that "historically, organizations promoting social welfare or the common good fell into three broad categories: funders (private foundations, corporate foundations, public charities and more), doers (both those that provide direct service as well as operating nonprofits like museums), and connectors (those offering best practices, sector-building or collective impact)".[54] The report alleges that these traditional levers of change are now integrating the three spheres of influence "through a systems lens . . . merging all three of these approaches, bringing multifaceted solutions to bear on complex problems".[55] The authors cite, in particular, the Omidyar Group, the Emerson Collective, and the Chan Zuckerberg Initiative as early actors. And there are many others, large and small, organizational and personal. Yet the actual impact that this kind of systems thinking may have on increased, bias-free inclusiveness is unknown—just as the degree of self-awareness of participant-observer foundation officers remains opaque.

Clearly, philanthropists have not been left in the 1970s in their thinking about how best to give with purpose. Innovation and attention to historically excluded views are key considerations.

Uncertainty May Not Be Bad, But We Can Learn from History

Without the hindsight of fifty years of subsequent change, Von Foerster observed that established and safety-minded funders "move toward a stable and

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52 Rockefeller Foundation, "Transforming a Billion Lives."

53 Rockefeller Foundation, "Transforming a Billion Lives."

54 Strada Education Network, "Pathways to Impact: From College Access to Completion with a Purpose," *Strada Education Network,* 2021, https://stradaeducation.org/report/pathways-to-impact-from-college-access-to-completion-with-a-purpose/.

55 E. P. Burns and M. B. Horn, "Pathways to Impact: The Rise Adn Rationale for a New Breed of Social Impact Organizations." *Whiteboard Advisors: Strada Education Network*, 2021, https://whiteboardadvisors.com/wp-content/uploads/2022/03/Strada_Whitepaper_2021_Final.pdf.

sterile uniformity, with all diversity lost".[56] Intermediaries respond to philanthropists' stated purposes and guidelines for submission in ways that inherently narrow the possibilities of proposals to preconceived definitions of needs and issues. Creative intermediaries respond, of course, with rich flourishes of new ideas and fresh language, but Von Foerster suggests "what is lost in semantic richness of intuitive notions is off-set by a gain in precision"[57] *if* funders welcome uncertainty by listening to voices that are more diverse, unknown, and unheard and if they consider ideas that do not have a proven track record of past success. Calls in the 2020s for a change in giving practices and purposes echo Von Foerster's cybernetic model—a systems approach, though not quite what Strada has proposed.

Although Von Foerster's paper dives deeply and quickly into cybernetics, cognitive science, and mathematical constructs more familiar to those building algorithms and designing computer codes that find, analyze, and repurpose data (information), his basic proposition is imminently relevant and accessible to academics and practitioners of philanthropy as well as the leaders of nonprofits that are the interface of most philanthropic intent. Leaving information theory and algorithm design to specialists, generalists can still learn plenty from their self-conscious explanations of what Von Forester's model might mean for their own work in grantmaking, fundraising, and nonprofit management, especially when recalling what he said about what you can learn from asking people to define cybernetics.

As a perspective for reading a novel concept now separated by fifty years from its creation, we offer consideration of a striking parallel of the social context of the 1970s to the 2020s—a time when societal needs and priorities are being seen anew—not as known, defined, and solvable needs and problems but now as something unfamiliar and unsolved, something that requires new ideas, new purposes, new information. Von Foerster may just have written fifty years before philanthropists and foundations were really ready to embrace uncertainty—and new information—that could actually change things for the better.

The years just before and after 1974 were a period of disruption as consequential as we have experienced in 2020-2024 with the global pandemic, social movements challenging the conventional views of social justice, income inequality, individual versus communal rights, systemic gender and racial bias, privacy rights, extremely politicalized ideas of governance, the value of postsecondary education, globalization and neoliberalism, and automation among others. While the early 2020s have seen an unprecedented response of philanthropists to many of these issues and events, the role of philanthropists

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56 Von Foerster, "Giving with a Purpose", p. 9.

57 Von Foerster, "Giving with a Purpose", p. 9.

in deciding how and where to apply resources and actions is being questioned as fiercely as any time in history. This awareness recalls Edwin Embree's direct question in his influential 1949 *Harper's* essay, "Timid Billions: Are Foundations Doing Their Job." He asked the question that we still might ask today: "Are foundations showing the imagination and resourcefulness on social issues that their founders showed in business and that modern society so desperately needs"?[58]

The Formative Seventies

In 1974, Richard Nixon resigned as president, there was an energy crisis, racial tensions remained volatile, the cold war was still on, the Vietnam war had just officially ended, and *Giving USA* found that giving in the U.S. had dropped 5.5%.[59] There was a recession and enormous economic, social, and political uncertainty as a result of the war and the aftermath of Dr. Martin Luther King's assassination—and passage of the voting rights act in 1965.

In 1961 Congressman Wright Patman began a personal, eight year campaign against foundations that revealed widespread concern about "abusive foundation practices" and concern about "elitism for those who leveraged private philanthropy for self-gain" as stated in a 1965 Treasury Department report on private foundations.[60] In 1967, the Treasury Department reported that 21 people—most of whom were philanthropists—with annual incomes in excess of $1 million paid no taxes, as did many others with very high incomes. By 1969 Wilbur Mills, chair of the House Ways and Means Committee, held hearings focused on foundations and philanthropic practices, resulting in the Tax Reform Act of 1969 that restricted foundations' involvement in political affairs and required a minimum percentage of assets to be distributed each year for charitable purposes.[61] The act and the events leading up to it have largely been attributed to public disenchantment with foundations' self-dealing, tax avoidance, and accumulation of wealth without "meaningful" distribution of assets.[62]

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58 Edwin R. Embree, "Timid Billions: Are the Foundations Doing Their Job?" *Harper's Magazine* 198, no. 1186 (1949): 28–37.

59 Giving USA, "16 Data Tables for Charts in the Numbers," *Giving USA*, 2014, https://givingusa.org/wp-content/uploads/woocommerce_uploads/2014/12/Giving-USA-2014-Data-Tables.pdf.

60 Committee on Finance, United States Senate, "Treasury Department Report on Private Foundations," (Stanford University, 1965), https://books.google.com/books?id=gO8ikx3rmJwC&printsec=copyright#v=onepage&q&f=false.

61 Thomas A. Troyer, "The 1969 Private Foundation Law: Historical Perspective on Its Origins and Underpinnings," *Philanthropy Europe Association*, 2000, https://philea.issuelab.org/resource/the-1969-private-foundation-law-historical-perspective-on-its-origins-and-underpinnings.html.

62 Von Foerster, "Giving with a Purpose".

Six months later, the Peterson Commission on foundations and private philanthropy was launched with the intent to influence policy and deter further legislation that might limit philanthropy.[63] The Commission argued for the importance of distinguishing between foundations and the charitable organizations to which they gave money as well as advocating greater evaluation of results and greater transparency. Funders, doers, and connectors were separated. By February of 1971, the public mood had shifted so much that the esteemed National Science Foundation had created the controversial Research Applied to National Need (RANN) program.[64] Its focus on applied research aroused fears that RANN would take money away from traditional basic science research and, to the dismay of some, introduced social sciences as key disciplines in defining "needs" as well as the perspectives that should be heard in defining needs as problems to be solved.

In 1973 John D. Rockefeller created the "Commission on Private Philanthropy and Public Needs" and asked John Filer to lead the project.[65] With extensive participation of over 100 experts and concerned parties, the Commission concluded its work in 1975 based on more than 80 research studies with a report now regard as one of the most important examinations of philanthropy ever—and the catalyst for a number of countless follow-up studies that continue today. It recommended the creation of the Independent Sector coalition and precipitated the National Committee for Responsive Philanthropy in part because of inattention to excluded communities and needs.[66]

Among the Commission's many recommendations deemed more urgent and important, it also modestly recommended that nonprofits and funders, in particular, account for changing viewpoints and emerging needs by listening to more inclusive boards, staffs, and recipients. The Commission suggested being more transparent and holding public meetings to discuss the projects and plans underway in an effort to recognize needs that might not be "known." It was during the two years of the Filer Commission's work that Von Foerster wrote his essay on "Giving with a Purpose: The Cybernetics of Philanthropy" as a scientific approach to address the troubling concerns of a broad spectrum of society—from Congress to disenfranchised communities with unrecognized and neglected needs.

63 Rob Kaufold, "The Commission on Foundations and Private Philanthropy," *Learning to Give*, 2017. https://www.learningtogive.org/resources/commission-foundations-and-private-philanthropy.

64 Richard J. Green and Wil Lepkowski, "A Forgotten Model for Purposeful Science," *Issues in Science and Technology* 22, no. 2 (2006): 69–73.

65 Eleanor L. Brilliant, *Private Charity and Public Inquiry: A History of the Filer and Peterson Commissions* (Bloomington: Indiana University Press, 2001).

66 Pablo Eisenberg, "The Filer Commission and the Birth of NCRP," *HistPhil* (blog), March 2, 2016, https://histphil.org/2016/03/02/the-filer-commission-and-the-birth-of-ncrp/.

Updating Cybernetics' Relevance to Philanthropy

Cybernetics offers a means and a mechanism—what cybernetics defines as an "automated system of control"—to address several of the most important issues identified by the critics of philanthropic practice in the 1960-70s. The system purports to address a number of issues: (1) that most funders define new and emerging needs from the perspective of the past—what is known, has been tried, and is successful; (2) that new needs are largely addressed by defining new problems by old solutions—often reflected in calls for proposals to address specific circumstances; (3) that funders define problems without understanding what those in need could bring to finding solutions; and (4) that most funders confuse development (building what is known from the past) with innovation.

Von Foerster makes the case "that in times of social-cultural continuity, this approach [supporting intermediaries—primarily nonprofits—that respond to funders' definitions of needs] appears indeed to achieve the purpose to which the founders [of a funding entity] have addressed themselves, for the needs in the past that created those [intermediaries] still exist in the present".[67] Von Foerster asserts that new needs and problems—and newly affected people—require innovation to resolve them: New voices, new information, and new questions that challenge the legitimacy of the presumed solutions. He suggests that when society has changed, on the other hand, the past is not the best predictor of how to address new needs or respond to the disenfranchised. Conserving the past needs to make room for experimentation. From the perspective of how society has changed by 2024, Von Foerster could easily be addressing the need for solutions to global pandemics, migration, systemic racial injustice and inequity, income disparity, climate change, and more.

To overcome this reliance on what is known, he created a model for a self-organizing learning system that changes safe and stable questions being asked about new needs to new questions that challenge the legitimacy of the biases brought from past experiences by well-meaning people who may not recognize their own biases about what needs exist, what problems need solutions. Hence the idea of eliminating the possibility of doing the same thing over and over.

Von Foerster's automatic system of control includes a goal and four "moving" parts:[68]

- *The Goal*: The means to achieve a purpose (address a need).
- *Observation*: The observed state of affairs of society or an issue within society, which reflects the subjectivity of the observer since one observer

67 Von Foerster, "Giving with a Purpose".

68 Von Foerster, "Giving with a Purpose", pp. 4-5.

may not perceive what another does.

- *A Comparator*: Essentially, a computer that compares the goal with the observed state of affairs and can recognize whether or not they are the same; if they are, then the goal is achieved but when they are not the same, the comparator functions to diminish the difference between the goal and the observed state of affairs by relying on an effector.
- *The Effector*: The means by which the comparator can reduce discrepancy to achieve the goal, which most often is achieved by a funder giving money to an intermediary.
- *The Decider*: The agency that decides to fund or not fund the actions of an effector, and effectively a combination of the Goal, Observation, and Comparator.

In a seminal paragraph, Von Foerster (1974) summarizes the system of control he envisions:

> It becomes evident that while a strategy of funding which tends to minimize uncertainty may increase an agency's feeling of security and even give it a record of flawless success, such a strategy will, at the same time, be counterproductive for an agency whose aim is to perceive new needs and problems in a changing society. Such an agency will have to risk walking untrodden paths toward new questions and new solutions. In coping with this problem the question arises: whether a strategy that *maximizes* uncertainty can be designed so that it may be *rationally* defended while it includes the "irrational" new.[69]

The rest of Von Foerster's essay is devoted to developing the algorithms for maximizing and generating uncertainty, as the effective way to truly address new needs and for a philanthropic agent to learn from its own experience of grant-making.

The traditional approach to funding creates a feedback loop to reduce uncertainty with the goal of maximizing the desired effects. But there is a loss in the system of totally new, unknown, untried, and uncertain approaches—none of which can pass the customary evaluation processes. One way to overcome this is diversification. The cybernetic model Von Foerster proposes addresses this more complexly than can be easily summarized here (especially since the full text is available and the authors of this essay are not expert in discussing cybernetics or AI). Put simply, the model offers a system for generating more solutions to problems by increased numbers of smaller grants whose implementation contributes new information to a different kind of feedback

69 Von Foerster, "Giving with a Purpose", p. 7.

loop that "feeds" both the funder and the social groups to which funding and projects have been targeted. The new information may be as valuable to the affected population, or more so, than the grant-funded interventions. Diversification through experimentation (doing what's not been done before) reaching more communities by spreading funding, however, does not preclude larger gifts and philanthropic investments, especially those that may follow from information gained through the smaller, diverse grants intended to generate new insights.

It is here that we pause in our description of the cybernetic proposal and turn directly to the Von Foerster paper. He can speak most clearly to the model he proposes. Those who read his proposal and imagine its application to their own philanthropic work will best assess whether there is practical value or whether he has proposed a 20th century version of "The Engine" that Gulliver found at the Academy of Projectors, where "everyone knows how laborious the usual method is of attaining to arts and sciences. . ."[70] There is no short cut in using cybernetics, but there may be a means of addressing one of our current and most vexing issues for philanthropy: How to give with a purpose and *actually* do good for those to whom help is intended. Von Foerster again, this time citing David Horton Smith, author of the CVS Occasional Paper # 2, "Research and Communication Needs in Voluntary Action":[71]

> A good example of such an instance lies among the volunteers, whose impact in the varied social strata of this nation has barely been tapped, and whose first-hand knowledge of the various social concerns of the funding organizations could provide the catalytic information needed for new choices.[72]

Volunteers, it seems, appeared to Von Foerster to provide a means of increasing diversity and information through the different backgrounds, experiences, and knowledge of people from across social, economic, political, and religious strata drawn together for a common purpose.

It is apparent as of this writing, that this nation, this world, are still desperately awaiting the catalytic information needed for new choices. John Dixon's introduction to "Giving with a Purpose" in 1974 defines it as a time when there was the need for a "method for getting at the basic causes of social

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70 Jonathan Swift, *Gulliver's Travels* (1726), cited in "Jonathan Swift and Thomas S. Kuhn | Conversation," *Lapham's Quarterly*, https://www.laphamsquarterly.org/conversations/jonathan-swift-thomas-s-kuhn.

71 Everrett A. Smith, "A Decade in Review: A Systematic Literature Review of Presidential Engagement in Community College Fundraising," *Journal of Research on the College President* 5 (December 2021).

72 Von Foerster, "Giving with a Purpose".

continuity and discontinuity," which remains the case to this day.[73] Dixon says, "Private philanthropy and charitable foundations, under attack as the balance of political and economic power changes, are being forced to justify their very existence. In the face of ambiguity, uncertainty and risk they are struggling to redefine their purposes and learn new responsibilities." And so, the struggle continues; even though in the intervening fifty years foundations have learned how to adapt, the abruptness of social and political change can overwhelm even the most cautious.

What, Then, Do We Do with a Fifty-Year Old Idea?

We are not proposing a *specific* action, such as applying his cybernetic model, as a result of revisiting Von Forester's concept of how to improve philanthropic results by addressing "purpose" in new ways. We are certainly not suggesting that grantmaking be delegated to AI. To do so without taking into account the history of an interval replete with so many consequential changes in philanthropic actions and motivations—to say nothing of advances in AI and other technologies—would be irrational, especially because AI remains something of an enigma. However, the urgency of the multiple global crises confronting society surely calls for new ideas and new strategies even beyond the experiments and commitments to increased inclusiveness following the pandemic and a seemingly endless expansion of major challenges in the 2020s—especially from philanthropists and philanthropic organizations unfettered by political agendas in a polarized environment. We leave any application of Von Foerster's 1974 paper to those who read it fifty years later and draw their own conclusions. We simply think the paper is worth reading and considering in the light of what AI portends.

In one form or another, many social analysts are asking for a philanthropic "moon shot," as Arabella advisor Loren McArthur urged in a call for new forms of philanthropic action: "We are living in an age of catastrophe, and a business-as-usual response from philanthropy is not acceptable."[74] Wholly new and different approaches are required as Amir Pasic, Dean of the Lilly Family School of Philanthropy at Indiana University, suggested when he asked:

What then, of our time? Will we see novel institutions emerge to meet the grand challenges ahead?

Despite heroic efforts in responding to the pandemic and the associated

73 J. Dixon, "Introduction," in *Giving with a Purpose: The Cybernetics of Philanthropy*, edited by Heinz von Forester and Von Forester, Occasional Paper #5 (Washington D.C.: Center for a Voluntary Society, 1974).

74 Loren McArthur, "Philanthropy Must Confront This Era of Catastrophe with a Moonshot Response," *The Chronicle of Philanthropy*, September 8, 2021.

> economic and social crises, I don't see a coming surge in new institutional models. Instead, when I do see institutions being embraced, I see a devotion to current institutions, efforts to shore them up, and campaigns to recommit to the norms and principles that serve as their bedrock. Like a rubber band, we are stretching, poised to snap back when the stress subsides.[75]

In all of the responses noted in our comparison of the present day with the 1970s, many philanthropists and foundations are responding with bold actions, moon shots, but yet they are doing so largely in forms that inherently recommit to the norms and principles that seem to have been less successful than hoped—in the US and much of the rest of the world. There are exceptions, such as Edgar Villanueva's Decolonizing Wealth Project, which focuses on "radical reparative giving" to address social ills and the goal of making racial equity a social norm.[76] Or the Generosity AI Working Group, which argues that "responsible adoption of AI and LLMs [large language models] across the social sector is critical to drive new opportunities for fundraising, engaging supporters, and promoting generosity" and is creating a "a collaborative community of practice to inform research, product development, and best practices".[77] And there are dedicated analysts like Lucy Bernholz, whose Philanthropy 2173 blog and annual "Blueprint" predictions keep followers focused on the central issue raised by Von Foerster with a sense of humility about how much we think we know: "As sure as we are of ourselves now, talking about the future - and making philanthropic investments - requires that we keep a sense of modesty and humor about what we are doing".[78] Whether any of the adaptions—or predictions--being made by philanthropic agents will succeed post-pandemic and post-political polarization remains an open question. Yet the hope of AI's unknown potential tantalizes.

We speculate that Von Forester offers two paths for bold action, equally risky but decidedly "different" from the bedrock of assumptions of most philanthropic initiatives. One is Von Forester's clear call for generating new *information,* in its cybernetic sense, that can serve as the basis for new actions (who to fund by what means with what expectations) by hearing from new voices—those typically filtered out when there are requests for proposals be-

75 Amir Pasic, "Can It Be? No New Institutions Will Emerge from Our Crisis," *Lilly Family School of Philanthropy*, October 2021, https://philanthropy.iupui.edu/news-events/news/newsletter/philanthropy-matters/2021-issues/october-2021.html.

76 Edgar Villanueva, "Decolonizing Wealth Project," *Decolonizing Wealth Project*, 2024, https://decolonizingwealth.com/about/.

77 Giving Tuesday, "Convening Social Sector Leaders to Navigate the Future of AI," 2024, https://ai.givingtuesday.org/.

78 Lucy Bernholz, "Philanthropy 2173: AI and the Social Sector," *Philanthropy 2173* (blog), November 9, 2023, https://philanthropy.blogspot.com/2023/11/ai-and-social-sector.html.

cause they offer no evidence of past (bedrock) success. Many foundations and funders have expressed exactly this goal in the 2020s, but may be still attached, like Pasic's rubber band, to proven past processes that are hard to give up. Von Forester offers this approach of increasing odds of new information by making many more smaller grants to actors who have not been part of prior solutions. There are, of course, many ways to package this idea within the norms and operating principles of philanthropic organizations. Perhaps this is the very path MacKenzie Scott has started down. Her experimentation, freed from the burden of past successes that so many foundations carry, may indeed create some new ways of giving.

We acknowledge an inherent problem with the presumed value suggested by many more, smaller, riskier (by usual measures) grants that result in the fragmentation Stephen Goldberg describes in *Billions of Drops in Millions of Buckets: Why Philanthropy Doesn't Advance Social Progress*. Noting that the average grants of the largest 100 foundations in 2009 were about $50,000, he argues that "such grant sizes are simply too small to support the development of robust and enduring nonprofits capable of achieving scale and consequential social impact.[79] The counter argument, however, is that such grants allow for greater experimentation with the possibility of finding hitherto unknown approaches to social problems that can have consequential impact and might have gone unknown. Smaller grants do not preclude subsequent larger grants, which themselves are "inherently risky" as Julia Stasch reminds us.[80]

Another of the paths opened by Von Forester's critique is implied by applying cybernetics to philanthropic action through nonprofits—updated by the kind of question *Nonprofit Quarterly* editor Cindi Suarez asks in an essay on why civil society needs to pay attention to AI and the analysis of big data: "How do we, as social change agents, engage the growth of algorithms and artificial intelligence"?[81] The answer awaits the response of many others who know how algorithms are reshaping society and even becoming responsible for the creation of wealth, which can be used for transformative social action. Civil society broadly—and philanthropists specifically—can lead transformative change by "reappropriat[ing] this value to serve the common good".[82] Some of the largest billionaire donors are, of course, innovators who have made their fortunes from technology and their ability to manipulate algorithms. Suarez's question remains unanswered in 2024.

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79 Steven H. Goldberg, *Billions of Drops in Millions of Buckets: Why Philanthropy Doesn't Advance Social Progress* (Hoboken, NJ: John Wiley & Sons, 2009).

80 Julia M. Stasch, "Taking Risk and Requiring Evidence," *MacArthur Foundation*, January 6, 2017. https://www.macfound.org/press/perspectives/taking-risk-and-requiring-evidence.

81 Cyndi Suarez, "Why Civil Society Needs to Pay Attention to AI," *Nonprofit Quarterly* (blog), July 15, 2021, https://nonprofitquarterly.org/civil-society-pay-attention-to-ai-2/.

82 Von Foerster, "Giving with a Purpose".

It would be disingenuous to end this essay without acknowledging that we asked ChatGPT for its own take on AI and philanthropy, and specifically cybernetics—which it reported had no widely known or accepted application to philanthropy. In offering extensive comments on what AI can do for both grantmakers and their recipients and on cybernetics, ChatGPT echoed many of the observations we have made: "By harnessing the power of AI, philanthropists can make data-driven decisions, maximize the impact of their donations, and contribute more effectively to positive social change. However, it's important to note that ethical considerations, transparency, and a human-centered approach should guide the integration of AI in philanthropy".[83] We leave any conclusion to be drawn from this essay to ChatGPT.

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83 OpenAI, "ChatGPT Response," *How Is AI Helping Philanthropists' Decisions on Giving?* 2024, https://chat.openai.com/chat.