Americans are the most generous people on earth. Each year, they give away about $350 billion, roughly 2 or 3 percent of the gross domestic product. Philanthropy and volunteerism are twice as common in the United States as they are, on average, in other nations.

"The brutal truth," a writer in Newsweek once noted, is that "the epicenter of the heartless marketplace is also the land of the handout."

Careful to distinguish between charity (which is designed to provide immediate relief to people in distress) and philanthropy (which is designed to empower them), Zoltan Acs, the director of the Center for Entrepreneurship and Public Policy at George Mason University, believes that the latter is an important and underappreciated engine of economic growth.

In "Why Philanthropy Matters," Acs connects philanthropy to American capitalism and argues that, through investments in university-based research, it lays "the groundwork for new cycles of innovation," while also redistributing accumulated wealth tied to the past to provide opportunities "for those who have to be helped to the starting line."

Acs says innovation and productivity in the United States are "working fine." Concerned, however, that the growing concentration of wealth is not making life better for most Americans and is weakening our previously robust culture of opportunity, he advocates more philanthropy to maximize the positive effects of American-style capitalism. The estate tax, he suggests, is "the best mechanism" to push wealthy people "from idly holding on to their fortunes."

Acs' effort to link philanthropy to greater income equality, opportunity and security is admirable and potentially important. Unfortunately, his claims that philanthropy "is the invisible" key to achieving these outcomes are anecdotal and largely unsubstantiated.

He does not explain why philanthropy has not prevented the machinery of opportunity from "seizing up" in recent decades. He does not delineate the steps philanthropists should take to make sure their money is well spent.

Asserting without evidence that American philanthropists "rarely throw money at an old problem," he does not address the devastatingly detailed critique of Ken Stern, the former CEO of National Public Radio (in "With Charity For All"), who makes a compelling case that philanthropic organizations are rife with theft - both grand and petty - grotesquely high salaries, waste and incompetence, and subject to virtually no oversight.

Stern does not want his book to be a downer. And no one, I suspect, will disagree with Zoltan Acs that there are lots of reasons to be proud of our open, freewheeling, democratic and generous philanthropic traditions.

But if we are convinced, as we should be, that philanthropy can matter, we should take on the arduous task of identifying organizations that have achieved desirable outcomes and give the 1.4 million philanthropic institutions currently registered in the U.S. (which include college football bowl games) substantive standards for renewal.
In addition to an estate tax, these steps may well increase the incentives for wealthy Americans to conclude that giving away their money is the right thing to do.

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**WHY PHILANTHROPY MATTERS: HOW THE WEALTHY GIVE, AND WHAT IT MEANS FOR OUR ECONOMIC WELL-BEING**
By Zoltan J. Acs
Princeton University Press, $29.95

Associated Images: