

IGE Distinguished Lecture Forum



Speaker Guy Sorman

Topic “Philanthropy and Welfare”

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Venue Westin Chosun Hotel

Host(s) IGE & KITA

With a focus on the potential of philanthropy to become a third sector between the government and the market, Sorman advocated the use of philanthropy in confronting new social problems emerging in today’s society.

Sorman claimed that economists, political scientists, and other intellectual groups tend to view the problems we face as a result of dichotomous conflict between the government and the market. Busy emphasizing the need for more or fewer regulations on the economy, they forget about the “unknown space” that lies between the market and the government. It is philanthropy. In the United States, philanthropy accounts for roughly 10% of the economy. It is a space that may help us to discover something important that needs to be better understood.

While the government or the market is driven primarily by interests, philanthropy is driven by generosity, the act or culture of giving on an essential level. Our societies face problems that cannot be addressed by the government and/or the market alone, such as aging, education, disabilities, etc., which Sorman a “social desert”.

Governments are limited in what they can do. They are not equipped with the skills nor are they philosophically justified to get into the specifics of the issues. They are also limited financially. The markets, while they may involve themselves for the sake of PR, do not feel, essentially, a sense of duty for taking responsibility nor do they profit greatly from doing so. Taking responsibility will have to come from solidarity because it allows the trial and error required to find the solutions to this “social desert” that we face.

Sorman singled out two most important factors that can fill the gap left by the government and the private sector. They are culture and the tax system. Philanthropy is deeply rooted in the culture of a given society. Protestant values in the US, for example, have made Americans as one of the most generous peoples in the world. Nearly 90% of Americans are giving part of their time to philanthropic activities. And it is part of the American culture.

Sorman pointed out that philanthropy in Korea is relatively small for the size of its economy and the “unknown space” between government and the market is still very small. Among the OECD countries, Korea has one of the lowest rates for philanthropic activity. While corporations give a lot to universities, higher education programs and art, this remains largely

a PR strategy and there is a lack of empathy among the successful circles of Korean society on the whole. In terms of taxes, individuals can now get up to a 30% reduction and corporations can get up to 10% for making donations. This small percentage reflects the government's view that donations are not as valid a way of solving problems as government itself. Furthermore, up to 100% of income tax can be reduced through donation if the government determines that the donations are "useful". The government's need to determine through incentivization what is "useful" could also be considered relatively undemocratic.

Sorman recommended Korea to reform the system, the tax system included, so that people can give more easily and in a transparent way and that the donations can be used efficiently. For this, he also argued for setting up an independent institution to evaluate if the giving is used efficiently.

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