

simple additions to philanthropy. They are a broader, and different, starting ground for how, when, where, and with whom we contribute our time, treasure, and skills to our communities.

We are restructuring how we create, fund, and distribute social goods. Social entrepreneurs who seek the scaling power of markets are driving some of this change, as are devolving public budgets, the formalization of sustainability metrics for investors, and the disruptive power of global telecommunications. Small groups of individuals, tethered only by their mobile phones and not by an organizational affiliation, have both toppled governments and greatly improved the effectiveness of recovery from natural disasters. Volunteers with phones now regularly guide international responses to earthquakes and floods. They provide news coverage when the broadcast media are banned and facilitate both riots and cleanups.


At the same time, commercial companies are bringing their efficiencies to bear in building affordable housing and providing solar lighting, innovating how rural farmers can bank via phone, and teaching people to read by teaching them to text. The mobile phone communities often use no institutional structure; the commercial firms rely on investment dollars and revenue, not grants. Both are becoming increasingly visible and viable contributors to the social economy.

We need to understand this broader mix of players and to recognize individual and complementary strengths of the different kinds of enterprises and financial sources. These new entrants in the social economy challenge the regulatory frames that guide nonprofits and

philanthropy. The time has come for new policies that can ensure, protect, and encourage social good while also attracting necessary new capital and ideas to the sector.

After reading Moses' essay, I realized that the opportunity before us is more than simply using the tools of our time to pursue justice. Looking at the financial and enterprise innovations of the past several years, it is clear that there is no shortage of new ways to attract and grow capital for social good. However, where is the insurance or the assurance that these innovations will maintain their commitment to shared social good?

We have witnessed plenty of financial innovation over the years and have seen both social good and social destruction come from it. When it comes specifically to attracting new capital to the social economy, we must be more careful. We must create new financial, institutional, and policy structures that contain a commitment to fairness and a goal of justice. We must find ways of building these modern tools so they are contemporary applications of the principles of *tzedakah*. Innovation for innovation's sake is one thing. Innovation for the sake of justice would be world changing. The questions at hand are twofold: What can the tools of the social economy do for *tzedakah*, and what can *tzedakah* do for these innovations?

These can be critical and guiding questions as we find our places, as Jews and philanthropists, in this social economy. The wisdom of the ages, a personal commitment to justice, and a community's obligations to its own and its neighbors have much to offer to the financial and structural innovation of our times. 

### Terms of Reference

**Efficiencies:** seeking ever greater impact with same or fewer resources

**Embedded giving:** donating money as part of another financial transaction, i.e. "shopping for good"

**Impact investing:** actively investing funds for both financial and social returns

**Social business:** commercial enterprises with social missions

**Social economy:** the set of capital and enterprises that deploy private resources for public good

**Social finance:** the use of commercial capital for social good

## Creating a *Tzedakah* Standard

DON ABRAMSON

Larry Moses aptly describes the biblical commandment to do justice, *tzedek*. His essay also examines the rabbinic interpretation that *tzedakah* be directed to those who cannot meet their basic human needs, within the context of a model of concentric circles of giving. In response to Moses' suggestion, I will explore the model of concentric circles as a way of creating a workable *tzedakah* standard.

While there are a wide range of interpretations of what *tzedakah* is, there is common agreement that the purpose of *tzedakah* is to

benefit others and, specifically, to correct the injustices that deny people the fulfillment of their basic needs. We all share in this obligation to our Covenantal Partner to help correct those injustices and, in so doing, strengthen our ties both to that Partner and to each other.

Debating the definition of *tzedakah* is not merely an intellectual exercise, but also an activity that has real-world implications for how we treat and care for people in greatest need, people who generally have the least power to advocate for themselves. According to a 2007

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in Sh'ma

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- Finding a Jewish Practice
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- Polarization & Peoplehood
- It Happens @ the Table = a "tish"
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study by Indiana University for Google.org, only 31 percent of charitable donations benefit the economically disadvantaged. Donors often seem either to confuse charitable giving with *tzedakah* or to lose sight of the importance of helping the disadvantaged. Furthermore, because there is no distinction between *tzedakah* and non-*tzedakah* contributions with respect to a tax deduction, donors might conflate any nonprofit donation with *tzedakah*. It is easy for the focus on *tzedakah* to get lost. Deliberately identifying what is and is not *tzedakah* can protect its claim for support.

The concentric circles model — that we give higher priority to those within our closest circle and lesser priority as we move outward — determines the connection between an individual and his or her community. The rabbis have recognized this concept of priorities throughout the ages. The concentric circles rule, while certainly not unique to Judaism, derives from an age-old wisdom about decision making that was grounded in very difficult realities of allocation. We know that we need to start with ourselves in allocating scarce resources and next help those with whom we have the closest connections. We must respond to the tension between the biblical centrifugal force demanding justice for those on the fringes of society and the rabbinic centripetal force around the giver.

The myriad concentric circles surrounding each individual serve as building blocks upon which communities are constructed and through which they confer benefits on their members, engendering quasi-contracts of obligation. A contribution to support a community

institution is certainly philanthropy; it not only helps society but oftentimes is necessary for a community to thrive. Yet even under the most expansive interpretation of basic human needs — cultural, religious, health, welfare, and educational — to the extent that a contribution does not help to meet those needs, it is not *tzedakah*.

How should one approach giving to *tzedakah* and community when both are crucially important and resources are limited? As it is, Americans give at most 2 percent to 3 percent of their income to charity and there is little evidence to suggest that Jews contribute a lot more than average Americans, irrespective of aspirational tithing standards. While providing more generously to both is the ideal, a workable — rather than theoretical — standard for *tzedakah* would help encourage generosity. Daniel Nevins suggests “graduated expectations of giving based upon financial capacity.” In addition to using the familiar Form 1040 as a model of form, he suggests reclaiming ancient categories of giving as models of substance. My own suggestion is somewhat simpler: In addition to non-*tzedakah* communal obligations, one should give 10 percent of discretionary income or 1 percent of net worth to *tzedakah*, whichever is greater.

Another answer might lie in Justice Oliver Wendell Holmes’s idea of “the felt necessities of the times.” In a period of communal threat, community should come first; in a time of greater financial disparity between the rich and poor — and especially one of increasing poverty levels — the balance should be tilted toward *tzedakah*. 

## In Relation to the Collective

CHARLENE SEIDLE

Larry Moses’ thoughtful essay expounds on the juxtaposition between the traditional nature of obligatory *tzedakah* — a “Jewish tax” — and the contemporary focus on philanthropy as a tool for individual impact.

But can we equate centralized decision making by a privileged few, the way it is currently practiced, with democratic and consensus-driven decision making? In more cases than not, today, decisions about responding to community needs are made by a few individuals, sometimes committee appointees, who lack the expertise to make truly informed judgments on how best to allocate precious dollars. How is

this process different from the one Larry Moses describes, where individual philanthropists set their own priorities?

Perhaps the age of individualism, referred to in Moses’ essay, presents us with the opportunity to recreate a communal model for giving in ways that appropriately pull together the broad spectrum of community.

Technology is our friend in this effort. Through media such as wikis, online voting, and social networking, we are able to collect community data and varying opinions, and then quickly and efficiently gauge interest and need. While nothing substitutes for a trip to

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