

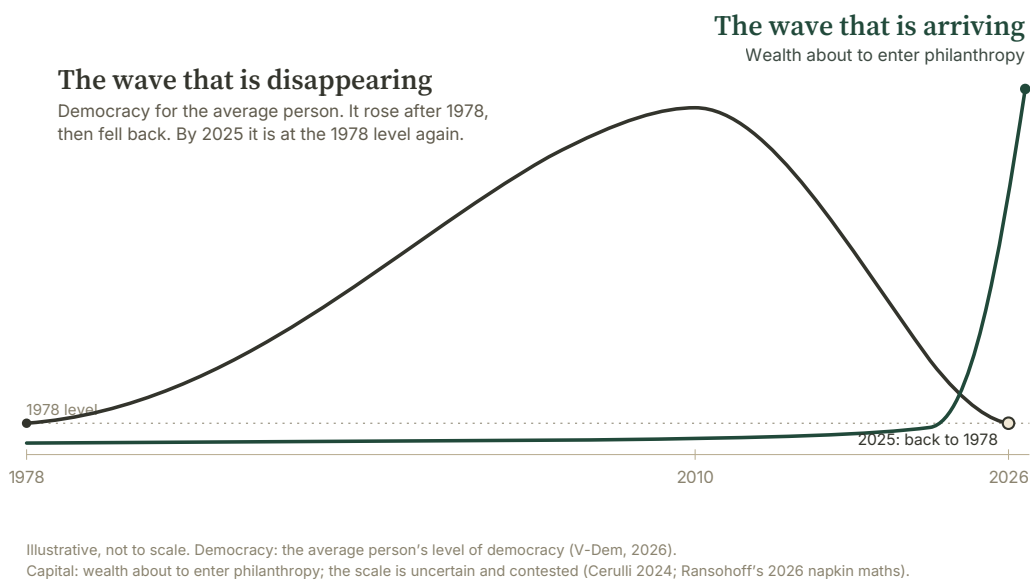
Two third waves

Progress, regress, and the economy we never built

Progress is the largest concentration of new philanthropic capital in a century. Regress is the democratic era unwinding faster than at any point since the 1970s. The field has spent a decade arguing about how money should move. What if the argument has been about the wrong thing?

Essay by **Roy Virah-Sawmy**

Developed with Brett Horvath & Sarah Wyoming Dawson



IN SHORT

Two waves are arriving at once. One is money: the largest build-up of new philanthropic capital in a century, much of it from AI fortunes. The other is loss. By V-Dem's count, democracy for the average person is back where it stood in 1978, with 74 per cent of the world now living under autocratic rule. The sector has spent a decade arguing about how money should move, from better grantmaking to participation. This essay argues the argument has been about the wrong thing.

The problem is not mainly capacity, and it is not only who decides. It is ownership. Civil society is the last serious sector with no permanent base of its own. It runs one grant at a time, on capital it does not hold, renewed each year at someone else's discretion. We have come to treat that as the natural order. It is a design flaw, and the new money is the chance to fix it.

What is missing is an economy. Capital held in common that the field governs and no funder can quietly redirect. Shared infrastructure the field owns rather than rents at retail. Durable agreements between funds, not only between each organisation and its funder. The ask is a down payment: a first alliance of funds putting capital into a base the field will hold permanently and govern itself, with the terms in plain language and the door open to whoever joins after. It costs a fraction of what the sector already spends in a year, and unlike a grant it is spent once.

74% of humanity now live under autocratic rule V-DEM, 2026	<1% of philanthropy reaches democratic freedoms JOURNAL OF DEMOCRACY, 2026	\$124tn in wealth transferring by 2048, \$18tn to charity CERULLI, 2024	~\$50bn* a rough sense of new giving from AI fortunes RANSOHOFF, 2026
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* Nan Ransohoff calls this her own "napkin maths". How much of the AI fortunes will actually reach philanthropy is uncertain and widely contested.

I The wave that is arriving

Let's start with the money. Nan Ransohoff's essay on [the third wave of American philanthropy](#) has been circulating in the sector all summer, and deservedly. The fortunes coming out of AI are on a scale that will dwarf the great philanthropic institutions of the last century, something like fifty billion dollars a year in new giving*, much of it from the OpenAI Foundation and from Anthropic's founders and employees. Her worry is that philanthropy has nowhere to put it. The sector, as she sees it, lacks the capacity to absorb money at that volume, and what is needed is a generation of philanthropic startups able to move at the speed the moment demands.

John Fullerton's [response](#) goes after the premise itself. Drawing on [Iain McGilchrist](#), he argues that a mind trained only to optimise has no instrument for perceiving meaning. It can measure what moves through a system and how fast a thing scales. What makes a life worth living, what binds a community, what a culture owes its children: none of these are optimisation problems. So, when the problem is framed as a capacity gap to be closed with startups and venture speed, that framing carries its own assumptions. It is the same thinking that produced the concentration of wealth, offered back as the method for distributing it.

From inside the field, the organisations that defend democracy, rights, civic space and freedom, it reads differently again. Shayna Robinson's [response](#) makes four notable observations.

The capacity premise, she argues, assumes philanthropy is only what institutional philanthropy recognises. Mutual aid, remittances, giving circles, religious giving and crowdfunding move enormous sums that indices like Giving USA never count, a point Lucy Bernholz has made [at length](#). The problem lies in how narrowly the sector defines infrastructure. Second, she asks how the fortunes were made in the first place, borrowing the argument Rob Reich sets out in *Just Giving* that philanthropic legitimacy is not earned but underwritten by the public through tax subsidy. Third, she notes that most of the problems in question are not technological. We already know that universal childcare and income support are effective. What is missing is political will. And fourth, that moving fast and breaking things has a record in social systems: Mark Zuckerberg's hundred million dollars for [Newark's schools](#) failed on governance, not on capital or talent.

Her closing hope is that a third wave would be defined less by the concentration of wealth and more by the democratisation of decision-making. I want to come back to that line, because I agree with it and I would like to push it one step further.

II The wave that is disappearing

Meanwhile, and mostly discussed in different rooms, there is another third wave, and it is running the other way. V-Dem's [Democracy Report 2026](#) finds that democracy for the average person in the world is back where it stood in 1978. The world now holds 92 autocracies against 87 democracies. Seventy-four per cent of humanity, roughly six billion people, live under autocratic rule, up from half in 2005. Seven per cent live in liberal democracies. In V-Dem's own account, the gains of the third wave of democratisation have been very nearly eradicated.

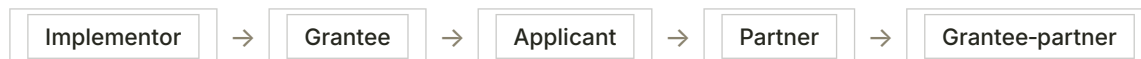
So, one third wave is arriving and another is disappearing, and a large concentration of capital is forming just as freedom reaches its steepest retreat in fifty years.

People do want to fix this, and there is serious thinking about how. The argument that has stuck with me most is Tim Reynolds and Álvaro Salas-Castro's [case in the Journal of Democracy](#) that **freedom is the most underpriced asset in philanthropy, markets and the economy as a whole**. Less than one per cent of giving reaches democratic freedoms, yet freedom is the condition that holds together everything else philanthropy attempts, in health, in education, in climate. Fund education under a government that jails journalists and you are funding it on borrowed time. They want funders to stop treating freedom as a moral preference and start treating it as the infrastructure it is. I think they are right.

There are also several other arguments in the field worth reflecting on deeply. For example Tanya Kak has written well about what two decades of asking [whether things can scale](#) has done to civil society, and about how philanthropy funds the organisations delivering visible programmes while the connective infrastructure that lets a whole field navigate together stays underbuilt. The [#ShiftThePower](#) movement, convened by the [Global Fund for Community Foundations](#) since the Johannesburg summit in 2016, has been making a version of this case for a decade. So has everyone who has argued for core funding, for participation, for longer horizons.

III The vocabulary and the relation

There is a whole vocabulary for the people who do the work, and it keeps changing. Implementor. Grantee. Applicant. The issuer of the call for proposals and the respondent to it. More recently partner, and then grantee-partner, once partner on its own began to sound thin.



One side holds the money and defines what it is for. The other applies, reports, and applies again next year.

The words change. The relation underneath does not.

None of these words was chosen to demean anyone. Most were chosen to be kinder than the one before. The language softens every few years but the relation underneath it does not move. One party holds the money and defines what it is for. The other answers the call, reports against it, and applies again the following year. The vocabulary changes, but the underlying structure remains the same.

I have been on both sides of that relationship. I have been a grantmaker, and I have been the one applying, reporting and renewing.

Democracy is not going to be defended out of a relationship where one side asks and the other decides, however generous the terms become. Funders can be excellent at their jobs and the result will be the same. The relation itself can only produce the posture the field already has.

The [#ShiftThePower](#) movement has been saying it better than I am for years now. Its [Manifesto for Change](#) sets out nine points for what it calls genuine alternatives of deciding and doing. Two of them matter, especially here. One is that a good society is only possible when people

see themselves and their own resources as central drivers of change rather than as recipients of somebody else's. The other is the insistence on assets that already exist within communities, and on the flatter power dynamic that appears the moment local resources are brought to the table.

That word, **own**, is the one I want to hold on to. The movement has been using it about communities and their own assets for a decade. My argument is that it now needs applying at the scale of the whole field working towards democracy and freedom, and to capital that does not yet exist.

I have sat in countless conversations about better grantmaking, core funding, participatory grantmaking, trust-based practice, multi-year and unrestricted funding or courage from philanthropy. These conversations are serious, the people in them mean what they say, and there are organisations living by these principles and doing it well.

The movement however is a good deal smaller than the volume of conversation suggests. A 2021 study covering 148 large US foundations found that 83 per cent engaged in some sort of stakeholder consultations and 88 per cent of them said they believed it led to more effective grantmaking. However, only 10 per cent delegated any actual decision-making authority to grantees, community organisations or the public. In Europe, my feeling is that the practice conversation has arrived, but neither the magnitude nor, more importantly, the attitude has followed it across.

From the other side of the table the incentives are not a mystery. You are managing a relationship with the people who decide whether your organisation exists next year. So naturally, you present well and you distinguish yourself from organisations doing similar work who are also, awkwardly, your natural allies. You shape the proposal towards what you believe will be funded rather than towards what you believe and you report success, because reporting difficulty can be expensive.

What follows from that is a shortage of leadership, creativity and critical thinking across the sector. I want to be careful here, because this is not a failure of character. The people I am describing are serious and brave. The problem is that annual renewal selects against the behaviour everyone says they want. Jobs depend on the grant, institutional legacies depend on it, targets must be met and reported. Anyone would behave this way, me included. I generalise deliberately here, because the picture is a general one, and not to point at any organisation or to dismiss the many people doing this differently and well.

Core funding, participation, trust-based practice, multi-year and long-term grants all improve the terms of the relationship. But while the capital belongs to the funder and is renewed at the funder's discretion, the posture of the field does not change. It only becomes more comfortable.

The vocabulary changes, but the underlying structure remains the same.

IV What a third wave could actually be

The third wave is usually described as AI money, and that is where the attention sits, but it is not the whole of it. Behind the technology fortunes is a far larger movement of capital. Cerulli Associates estimates that some 124 trillion dollars will change hands through 2048 as wealth passes from older generations, with roughly 18 trillion of that going to charity. The figures are contested but the direction is clear. A generation of new wealth holders, many of them younger, many of them inheriting rather than founding, will be deciding what philanthropy is for. Some of them are already asking better questions than the institutions they are about to fund.

None of this is a case against the waves that came before, and it is Fullerton who has put the point most precisely. Writing in Alliance in 2013, he set Carnegie's own words against him. In *The Gospel of Wealth*, Carnegie called the amassing of wealth one of the worst species of idolatry, that the laws of accumulation would be left free, and the millionaire would be but a trustee for the poor. Fullerton's observation is that the economic system itself was conveniently never called into question. Carnegie proposed to redistribute the fruit without asking whether the tree was sound. The second wave, from Gates to effective altruism, brought its own rigour and saved millions of lives, optimising the process of giving without questioning the underlying economic system.

In her cover story for SSIR in summer 2026 Sarah Cone asks why philanthropists do not build anymore, and the observation behind it is a fair one. Today's fortunes write cheques to organisations that already exist, where the magnates of the first Gilded Age built institutions meant to outlast them. As SSIR's editors put it, no modern strategic grantmaker would have approved Carnegie's 2,500 libraries on the projected numbers. She is right about the timidity, and right that a grant cycle cannot produce a library system.

But Carnegie's libraries were Carnegie's. A new Gilded Age would give us better institutions, still held by the people who paid for them. That is the second wave with more ambition.

Rob Reich, who has spent a career warning about the power of big philanthropy, arrives to offer the incoming donors a piece of advice that sounds a lot like building. He notes that the first wave's real achievements were institutions rather than grants, and the way for concentrated wealth to serve democracy is to convert itself into pluralistic, self-governing institutions and then let go. A university endowment governed by an evolving academic community, a newsroom governed by its editors, an encyclopedia governed by its contributors. Perpetuity with a living hand rather than a dead one. The donor's name may stay on the building, he writes, but the donor's power should not. That last move, the letting go, is the one Cone's case leaves out and the one that turns the act of building from a monument into something the field can hold.

Three things would make this wave different. The first two are already being argued loudly and well, by people who have been at it longer than I have. The third is barely being argued at all.

The first, and the loudest, **is more money in motion, more capital flow**. Freedom is underfunded on any measure you choose, and there needs to be a serious increase in the volume of capital reaching democratic work.

The second, argued just as loudly, is that the **new money should take the last decade of practice argument seriously rather than starting from a blank page**. Everything the field has learned about core funding, participation, infrastructure and the limits of scale was learned expensively. A wave that arrives believing itself the first serious attempt at philanthropy will spend a decade rediscovering it, and the field does not have a decade.

The third is the one this paper is building towards with this new wave. **Shift ownership and build an economy**.

Which brings me back to Nan Ransohoff. She is right that something needs building, and that is the important half of her argument. Where I would push is on what. Startups are organisations, and organisations run on grants. A hundred new ones would produce a hundred more implementors, better funded and no more able to think past the next renewal. Startups or institutions, the answer keeps arriving in the same shape. The field has plenty of organisations. What it has never had is a foundation under its own feet.

Every other serious sector laid one. Industry built its plant. Universities built endowments. Civil society never did. It still runs the way it ran a century ago, hand to mouth, one grant at a time, dependent on the goodwill of others to exist at all. It is the last great sector with no foundation of its own. We have somehow come to treat that as the natural order, when it is a design flaw.

More capital, spent more cleverly, would still leave the missing piece untouched. **My argument is that what we are missing is an economy**.

It is the last great sector with no foundation of its own.

v What an economy is made of

I have been using the word economy, but before we go any further, I need to explain what I mean in this context. I mean what lets a field stand up without having to ask permission every year to keep standing. It is not just a large pile of money. I believe it comes down to three things, and money is only the first. Each has a more formal name in economics, but here simple ones will do.

1	2	3
Capital held in common	Shared infrastructure	Agreements
A permanent base the field governs and no funder can quietly redirect. A floor, so the work carries on when the giving pauses.	Technology, data, security, back office, AI. Owned together rather than rented at retail, one grant at a time.	Durable terms between funds themselves, not only between each organisation and its funder. Strength without central control.

Three parts of an economy the field has never had.

The first is **capital held in common**. A permanent base of capital that the field holds and governs, whose returns fund the work in perpetuity, and which no funder, no government and no future leadership can quietly redirect. It sits beneath philanthropy as a floor, so that when the giving pauses the work carries on. It answers the annual-renewal problem directly, because an organisation standing on a floor it co-owns can afford to say true things. What is

locked is the purpose, that the capital serves an independent civil society and cannot be captured or cashed out. The decisions stay with a living and changing community of the people doing the work. The living hand Reich asks for, not the dead one.

The second is **shared infrastructure**. Every serious economy runs on shared systems that no single participant could justify building alone. Factories do not build their own power grids. Shipping companies do not dredge their own harbours. Farmers, centuries ago in Europe and in the US, worked out that they could own their grain elevators, their insurers and their banks together, and much of that cooperative infrastructure is still standing. Civil society is the great exception. Each organisation buys or rents everything alone, at retail, from vendors whose incentives point elsewhere: its technology, its data, its security, its back office, and now, at speed and at scale, its AI. Owned in common, those costs fall. When Chicago's largest social-service agencies pooled their back offices into a shared cooperative, McKinsey put the potential saving at up to a hundred million dollars a year, and members saved between fifteen and twenty per cent on what they bought together. That cooperative also strained to keep itself running, which is the reason governance matters as much as the infrastructure; it *is* infrastructure. But the saving is the smaller point. Capability compounds. What is built for one organisation is standing there, already paid for, with lessons already learned when the next one arrives. The field rents its tools from vendors, one grant at a time. An economy owns the toolshed.

The third is **agreements**. Economies run less on transactions than on standing agreements, the terms that let participants rely on one another next year and the year after. In the current system the only durable agreement in the field runs vertically, between each organisation and its funder, renewed annually, on the funder's terms. Almost nothing binds the field horizontally. The agreement that would change the sector is the one between funds themselves: foundations, families and the new fortunes committing capital alongside one another, into vehicles they govern jointly with the people doing the work, on terms written down and hard to walk away from. Cooperatives and mutuals across the economy have concentrated strength this way, without concentrating control. Mutual insurers, credit unions, standards bodies, the cooperative networks that quietly underpin whole national economies. The pattern is old, tested and legible to any lawyer. Only in civil society do we treat it as "innovation".

And here is where the new money matters most, and where it should go. The fortunes now arriving, and the newcomers who want their giving to build and not only to relieve, are the ones who can lay this base. So can the established funders who already see the problem, and the field itself, which has been asking for this longer than anyone. The way to do it is to put capital into the thing the field has never owned, an economy of its own, rather than into the annual grant pile it already knows how to spend. The sector spends a fortune each year renting the same things separately, thousands of institutions buying and building in parallel and funding the same work twice over. New capital pointed at shared and owned assets, rather than at another round of parallel expense, is what turns a field that survives from year to year into one that can stand on its own. None of this asks existing funders to stop what they are doing. It asks the money now entering the field, together with those already in it who want something better, to build the floor the field will still be standing on in thirty or forty years. It costs a fraction of what the field already spends in a year, and unlike a grant it is spent once.

And this is where I would push Robinson's closing line one step further. Democratising decision-making would be a real improvement, and I would take it right away. But decisions about whose capital? Participation in allocating money that somebody else owns, and can withdraw, is a better arrangement than the one we have today, but the power stays exactly where it was. It sits with ownership, and ownership is the thing almost nobody is proposing to move. The argument in these rooms is about who should decide. Mine is about who should own.

The field rents its tools from vendors, one grant at a time. An economy owns the toolshed.

VI A down payment

Fullerton asked, more than a decade ago, that those holding new fortunes learn to think holistically and recognise that we live in an era of system shifting rather than problem solving. He also asked them to dare to lead, and to treat the concentration of wealth and power they hold as an occasion for the kind of leadership the times demand. Reading his response to Ransohoff now, I notice that he made both requests in 2013 and is still making them.

So here is the ask, and I address it to all three waves at once. To the foundations built on nineteenth and twentieth century fortunes, who have the balance sheets and the institutional legacy. To the second wave, who brought the discipline and know better than anyone what the evidence does and does not show. And to whoever is about to inherit or earn the next hundred trillion. A serious attempt, together, at building the economy this work has never had.

The form this takes is not a pledge or a campaign, and not another organisation with a logo asking to be funded. It is a down payment. A first alliance of funds committing capital together into a base the field will hold permanently and govern itself, with the agreements written in plain language and the door open to every fund that decides to join after.

The mechanics are not novel. New money already organises this way, through an anchor commitment that funds the first portion and is used to draw in the rest, which is how [Renaissance Philanthropy's thesis-driven funds](#) get off the ground. What changes here is the destination. Those funds are time-bound and spend out as grants. This one would be permanent and owned in common.

The invitation is to co-own the building of something, and then, in Reich's sense, to let go of it or have a democratised power sharing structure built in from the start. Each participant compounds the learning and growth of the shared economy, and the field ends up in the strongest posture it has ever been.

It is easier done collectively than alone, and it should not be carried by one organisation. That is rather the point of an economy. It also costs less to attempt than most people assume, and doing nothing carries its own cost. On present trends the field spends the next twenty years defending democracy one funding cycle at a time, in a world with fewer democracies each year to defend. Set against that, the risk of trying to build something permanent looks like the smaller risk.

I am clearer about what we should stop doing than about the full shape of what comes next. What I am sure of is smaller and harder to argue with. The money is arriving and the freedom is going, and we still discuss the two in separate rooms. V-Dem dates the retreat to 1978, and Reynolds and Salas-Castro have already named what it is taking as the most underpriced asset there is. No single fortune, however large, corrects a price like that alone.

So the question in front of this third wave is whether it is willing to help build something it will not own. Or rather, something it will own only the way citizens own a country: together, and without the power to take it back.

Democracy and freedom do not need to be handed charity. They need an economy of their own.

SOURCES

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A NOTE ON HOW THIS WAS MADE

This essay is mine, developed with Brett Horvath and Sarah Wyoming Dawson. It discusses fortunes linked to OpenAI and Anthropic, so I should say plainly that I used AI tools to edit it. The arguments were not developed with any AI tools. Where I use AI, and where I keep it out, is set out at rvadvisory.eu/how-i-use-ai.

Roy Virah-Sawmy