

Patriotic Philanthropy

An Interview with David M. Rubenstein,
Co-Founder and Co-Chief Executive Officer, The Carlyle Group

EDITORS' NOTE Prior to forming The Carlyle Group in 1987, David Rubenstein practiced law in Washington, D.C. with Shaw, Pittman, Potts & Trowbridge (now Pillsbury Winthrop Shaw Pittman). From 1977 to 1981, during the Carter administration, he was Deputy Assistant to the President for Domestic Policy and from 1975 to 1976, he served as Chief Counsel to the U.S. Senate Judiciary Committee's Subcommittee on Constitutional Amendments. From 1973 to 1975, Rubenstein practiced law in New York with Paul, Weiss, Rifkind, Wharton & Garrison. Rubenstein is a 1970 magna cum laude graduate of Duke University, where he was elected to Phi Beta Kappa. Following Duke, he graduated in 1973 from The University of Chicago Law School. Rubenstein is the Chairman of the John F. Kennedy Center for the Performing Arts, a Regent of the Smithsonian Institution, and President of The Economic Club of Washington, D.C.



David M. Rubenstein

COMPANY BRIEF The Carlyle Group (www.carlyle.com) is a global alternative asset manager with \$170 billion of assets under management across 113 funds and 67 fund of fund vehicles as of December 31, 2012. Carlyle's purpose is to invest wisely and create value. Carlyle invests across four segments—Corporate Private Equity, Real Assets, Global Market Strategies, and Solutions—in Africa, Asia, Australia, Europe, the Middle East, North America, and South America. Carlyle has expertise in various industries, including: aerospace, defense and government services, consumer and retail, energy, financial services, health care, industrial, technology and business services, telecommunications and media, and transportation. The Carlyle Group employs 1,400 people in 33 offices across six continents.

What approach do you take to achieve the results you desire from your philanthropic efforts?

I didn't turn to philanthropy until a few years ago to determine where I wanted to leave my money. I tried to be involved by not only giving money but by helping other people raise money or helping organizations with the ideas I can contribute.

If you're going to be a good philanthropist, you should go beyond just giving cash—you should be involved with your energy and time.

I have taken a lot of ideas and tried to pursue them, but nobody knows in the end whether your idea or your philanthropic act will have the benefit you desire.

With so much need out there, how do you focus on where you can make the most impact?

The most effective idea is to choose just one philanthropic focus.

However, I have too many interests to concentrate on just one thing. I love the variety in what I do. I can't say today there is one cause I want to support versus another.

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As I get older, I'll want to see more impact while I'm alive from the things I try to do, so I will probably narrow my focus down to a handful of things, but I haven't decided on those yet.

Is it a challenge to put metrics in place to determine the impact of your philanthropic efforts?

Some businesspeople tend to be more focused on the performance of the philanthropy they support and look for metrics. I haven't been as

hands-on in terms of requesting detailed reports. I pick good people whom I trust and give them my money and time or ideas. Ultimately, I will figure out whether that works or not, but I don't always have a strict metric by which to judge.

The only metric I have come up with is when my mother calls me and says, "This is a good thing you did."

Are you worried about support of the arts long term? Can you talk about your work in that area?

The performing arts tend to make people happy. In Washington, D.C., the Kennedy Center even brings Democrats and Republicans together, which is a great thing.

Additionally, the culture that has led to great symphonies reflects humankind at its best—think of what the greats like Mozart accomplished. The work of these geniuses inspires awe about what a human can achieve.

I'm not a great expert in the arts, but because I have an interest in it, I became involved with Lincoln Center to help them with their revitalization.

When I became the Chairman of the Kennedy Center, I wanted to create a similar revitalization there and we have recently announced plans for it. The revitalization of Lincoln Center has been good for New York and we expect the same will happen for Washington with the Kennedy Center.

How did you get involved with the Washington Monument and Magna Carta?

In the case of the Magna Carta, I decided I was going to make sure it stayed in the U.S., so I bought it.

In the case of the Washington Monument, when the earthquake damage occurred, I wanted to make sure that it was rebuilt as quickly as possible, so I got involved.

What encouraged your decision to help with the pandas at the National Zoo?

I'm a Regent of the Smithsonian. The director of the National Zoo, Dennis Kelly, made a presentation to the Regents saying they were losing the financial support that was necessary to keep the pandas—they had to pay \$1 million to the Chinese each year to keep the pandas. So I stepped up and helped because pandas are very popular at the zoo.

You've also been a major supporter of education, especially with Duke.

I came from modest circumstances, so getting a scholarship to Duke enabled me to get a

very good undergraduate education. And when I received a scholarship to The University of Chicago, it allowed me to go to law school.

When my children went to Harvard, I became involved there. I'm also involved with Princeton and Johns Hopkins.

My general view is that if you have an opportunity to get a great education, you should work to repay the obligation you have for that education.

American private institutions of higher learning are great national treasures and to the extent that all citizens can help these schools remain vibrant, it will benefit our country.

Are you concerned that enough is being done to encourage the entrepreneurial spirit in the U.S.?

Nobody is against entrepreneurship. Whether you encourage people to do the things necessary to be entrepreneurial is another issue – sometimes governments don't do that.

In our country, I'm concerned that the spirit of entrepreneurship is lagging to some extent in all but a few areas.

The greatest entrepreneurship per capita today is in China – one of every 10 adults is an entrepreneur; the U.S. numbers fall way below that.

Entrepreneurs create a lot of wealth for their countries, but they are undervalued in many parts of our country and in some parts of the world. In Europe, it's not valued as highly as it is in China.

What has The Giving Pledge achieved?

More than 90 Americans have signed. More people are giving away a larger percentage of their money than ever before.

The purpose of The Giving Pledge is to induce others to give money away – not just the billionaires but also people who aren't as wealthy.

The Pledge sets an example for the generations that follow. We want to convince younger people to get involved in philanthropy because they're the ones who will have the funds to give in the future.

We also want people to realize that philanthropy isn't only about giving money. It is also about giving your time, energy, and ideas.

Additionally, we want to get people around the rest of the world to join in. The U.S. is the country with the highest per capita donations to charity – we give a higher percentage of our net worth to philanthropy than any other country, but it's still only 2.5 percent of GDP.

To the extent that we can get people in India, China, Russia, and Brazil to do the same, it will benefit those countries as well.

Some say real action comes mostly from the private sector. Don't we need leadership from both the public and private sectors?

The government cannot do all of the things that we once had them do or that we would like them to do.

Public/private partnerships have a lot of virtue, because the government does represent a larger swath of people than individual philanthropists. Public/private partnerships have their role, especially in cases where you can't get any money from the public side.

Philanthropists often generate ideas and accomplish things, and later, government catches up with them and begins to support the initiative. In other cases, the private sector is following the government.

What Bill Gates is doing in Africa is something that no NGO could do alone. It's an extraordinary public/private partnership – governments are helping, but by themselves it would not be at the level at which he is doing it.

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Should there be more coordination among philanthropists overall?

Yes. With The Giving Pledge, for example, one of the unwritten rules is that the signatories don't lobby each other for our pet causes because we could spend all of our time doing nothing but that.

One of the great things about how our system works is that if you do make money, you're not required to give to a certain cause, and that freedom of choice is important. But increasingly and in general, a number of philanthropists are talking to each other and they're working together.

What does your phrase "patriotic philanthropy" mean?

It could be implied that if you give money to certain government-related causes, you're patriotic. But giving money away anywhere is patriotic, as anything you provide is good for the country.

I was trying to encapsulate the desire I have to get people to think about the need the federal government has for resources. In the case of the Kennedy Center, the Washington Monument or the Smithsonian, the federal government doesn't have the resources they would like to have to support them, so it's necessary that people help the federal government to any extent they can.

People should think more about giving back to their countries and do what Kennedy said in his inaugural address, "Ask not what your country can do for you; ask what you can do for your country."

Is your philanthropic focus separate from The Carlyle Group or do you drive that culture of giving throughout the firm?

Because the firm has historically been a partnership, the partners often gave to their own philanthropic interests. Now that we're a public company, I haven't felt we should spend a lot of our corporate resources on philanthropic purposes because that isn't what corporations are designed to do. Nevertheless, whatever anyone in our firm contributes philanthropically, we will match it to a certain level.

My philanthropy is separate in that I'm giving away resources I earned. To some extent, that might be influencing other people in our firm; certainly nobody has sent me an e-mail saying that it's a terrible thing I'm doing.

Are you frustrated by the negative public perception of business leaders when they actually do so much good?

Some people are private in their giving. I don't contribute anonymously because I want people to know that I am giving back to the country that was so good to me; to inspire those who know me to do something like this themselves; and to put it out there that if people like recognition, they should not be embarrassed about getting some.

Did you anticipate the success of The Carlyle Group early on?

We started out as four guys in Washington, D.C. with no investment banking experience, no buyout experience, and no money, so we didn't expect such success. Our original business plan had no relationship to what we've become.

But if you look at the original plans of people like Bill Gates or Jeff Bezos, you will see that they built companies that are much more significant than they could have imagined.

Do you ever reflect on your success and take time to relax?

I feel like I'm relaxing all the time because I love what I do.

What advice would you give young people today?

After you find something you like to do, be persistent, work hard, learn how to communicate and how to work with others, be humble, and try to reflect on how many opportunities America offers you. ●