



GUY SORMAN

Big Philanthropy

Superrich donors are making Dallas a twenty-first-century city.



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The inauguration of Klyde Warren Park, built with philanthropic dollars

One mild evening last October, under a bright full moon, Dallas celebrated the fact that, for the first time, it had a real city center—a beautiful 5.2-acre space called Klyde Warren Park. Before the park was built, a highway had sliced through the city’s heart, dividing uptown from downtown and making it hard to travel between the two. Many locals had felt, moreover, that the absence of an urban center—preferably, one with a big public park, as in Manhattan or Chicago—detracted from the quality of life in Texas’s third-largest city.

One of those locals was an energetic businessman named Kelcy Warren, president of Energy Transfer, a firm that originated in the 1990s as a natural-gas pipeline operator and now describes itself as “one of the largest and most diversified investment grade master limited partnerships in the United States.” Warren got his own start as a laborer in an oil field; by the time he turned 60, he was worth billions; today, with a self-made, new-money fortune that typifies Dallas’s philanthropic elite, he sits halfway down the *Forbes* list of America’s 400 wealthiest people. A decade ago, Warren joined a project with the ambitious goal of connecting Dallas’s separated halves by covering the freeway with a park, which would include recreational space, open-air restaurants, and an auditorium for outdoor concerts. He donated \$10 million of his own; \$40 million more came from the very wealthy families at the heart of Dallas’s philanthropic community—the Thousand Families, as they’re sometimes referred to locally. The rest of the funding for the \$110 million park came from the government, via local bond offerings and state and federal transportation grants.

The park was named after Warren's ten-year-old son. At the October inauguration, Warren announced a novel way to prepare the boy to be a philanthropist himself one day: Klyde would be his father's heir only if he devoted at least one day per month to cleaning the park. ("I'm more excited about that part than he is," said Warren.) On the open-air stand where the evening's other speakers offered brief and funny comments, clearly written by professional speechwriters, the place of honor belonged to Kelcy's wife, Amy. In Dallas's philanthropic world, it seems, the husbands earn the billions and the wives get the prestige of giving the money away. The husbands in the park dressed conservatively—no *Dallas*-style crocodile boots or Stetson hats—and even had a puritan air; the wives seemed to have spent their day in beauty salons and to have emerged uniformly blond.

Michael Rawlings, Dallas's Democratic mayor and the former CEO of Pizza Hut, attended the park's opening but wasn't one of the speakers, which suggests where the city's real influence lies. Rawlings reminded me that public officials played an important part in getting the park built, but he acknowledged that the chief credit went to the philanthropic community, which will also fund the park's future maintenance and management, at a cost of several million dollars yearly. (One of the people advising the park about programs and events is Dan Biederman, whose consultancy helped revitalize Bryant Park and Grand Central Terminal in New York.) In Texas as a whole, government tends to be limited and relatively anemic: the state legislature meets only every other year, for several weeks; governors and mayors are weak by American standards; Texans pay no state income tax. Restraints like these are supposed to prevent politicians from spending too much, but they may also explain why prosperous entrepreneurs, rather than government, spearheaded the park-building effort—and much else besides in Dallas.

In fact, this city's philanthropists may be the most civic-minded in the country. Over several decades, Dallas's superrich have transformed their city, making it the "American capital of philanthropy," according to Richard Fisher, president of the Federal Reserve Bank of Dallas and himself a member of the giving class. "Dallas has always been a city driven by private philanthropy, with active civic involvement going hand in glove with the accumulation of wealth," Fisher says. "Now, with the enormous riches that have come with Texas's economic boom—not just in oil and gas but in financial and business services, technology, health care, and other areas—the levels of philanthropic giving have skyrocketed to levels that would be unimaginable most anywhere else in America." The Dallas donors have funded everything from world-class cultural institutions to parks and even bridges, showing the power of American philanthropy to contribute to urban flourishing.

In Dallas, it's common to donate to churches, charities, and schools; according to *The Chronicle of Philanthropy*, this fast-growing metro area is one of America's ten most generous. But it's the Thousand Families that take on the largest projects. These families tend to be Protestant, politically conservative, and white. At the park event, I saw only two African-Americans among the hundreds assembled: Dallas's police chief and his wife.

The city's wealthiest philanthropists are also sometimes called the new Medicis, and there's something to the comparison: not a single major cultural institution in Dallas would exist in its current form—or exist at all, in many cases—without their help, whether it's the Dallas Museum of Art, the Nasher Sculpture Center, the Perot Museum of Nature and Science, or the Dallas Symphony Orchestra. The George W. Bush Presidential Library arose on property donated by Ray Hunt, head of a global petroleum company. The philanthropists' generosity extends beyond cultural organizations. A superb new bridge that spans the Trinity River, designed by famed Spanish architect Santiago Calatrava, was partly funded by Margaret McDermott, the vivacious centenarian widow of the founder of Texas Instruments and the “queen mother” of Texan philanthropy. (McDermott attributes her longevity to the vodka martinis she drinks with her meals.)

Yet Hunt rejects the Medici comparison. “We are new rich—we've made our own fortunes, starting from nothing, in one generation,” he says. This swiftly made wealth, he thinks, motivates generosity: “We know we have been lucky.” He suggests that another factor in the philanthropists' sense of civic responsibility was the 1963 assassination of John F. Kennedy in Dallas. “We have been portrayed by the American media as a city of barbarous violence,” Hunt maintains—a caricature that motivated the givers to make downtown Dallas a cultural area, graced with museums and concert halls to help overcome the tragic associations of the assassination. Also important, he believes, is a Christian ethic inseparable from the Texan mentality. The philanthropic giving is an extended form of tithing, as traditionally practiced in Christian America. Dallas is a Bible Belt city, as the extraordinary number of churches one sees everywhere testifies.

A dose of Christian humility may also help explain why—contrary to the image held by Europeans, American coastal elites, and Hollywood television dramas—the wealthy of Dallas don't flaunt their sizable fortunes. Robert Decherd, CEO of the A. H. Belo Corporation, which owns the *Dallas Morning News* and other papers, says that it isn't good form in Dallas to make the ostentatious displays typical of New York's and California's superrich. True, the houses of Dallas's wealthiest are often gigantic, spread out in spacious developments outside the city, but the geography of Dallas is so extensive that the homes don't overwhelm their surroundings. And the residences that I visited were decorated not

with masterworks of art but with modest, homey paintings and kitsch objects depicting the conquest of the West, buffalo hunting, and similar scenes. A Richard Serra, Donald Judd, or Mark Rothko is fine for the museums, it appears, but not for one's home.

Whatever their aesthetic limitations, the philanthropy of Dallas's superrich, combined with a low-tax business climate, has helped make the city more attractive for outside investment. Though economic considerations like low taxes are surely important, Dallas's philanthropists understand that the leaders of big global businesses also look for other amenities when thinking about where to locate: an active downtown or city center; good schools and universities; cultural attractions; adequate office and living space; an accessible international airport. By offering all these things and more, Dallas has induced major northern firms, including AT&T and J. C. Penney, to locate their central offices there.

Needless to say, by improving the living environment, Dallas's philanthropic community is also improving its own economic situation. It's a fine example of "self-interest rightly understood," as Alexis de Tocqueville famously put it in *Democracy in America*. Americans, Tocqueville wrote, believed that "an enlightened regard for themselves constantly prompts them to assist one another and inclines them willingly to sacrifice a portion of their time and property to the welfare of the state." Such self-interest was just fine, Tocqueville thought, so long as the sum of particular interests contributed to the common good. That has clearly happened in Dallas.

How does one join this elite philanthropic community? As Hunt explains, it isn't enough to sign a check, even a big one. "To belong to the philanthropic community requires a constant commitment that is as much personal as it is financial," he says. The philanthropist must show up for countless fund-raising dinners, serve on a host of committees to manage donations, and show real passion for the common good of Dallas. And he's expected to "apply the same principles of sound management to his donations as he does to his own business," adds Bobby Lyle, formerly the president of another petroleum enterprise, Lyco Energy. Lyle has donated heavily to the Salvation Army and has served on both its local and national advisory boards. In part because of his influence, the Salvation Army has started assessing its own work more carefully. No longer does it measure its success by the number of people assisted; instead, it counts the number reintegrated into normal social life. Philanthropy "truly improves our society when it succeeds in linking Christian charity with efficient management," says Lyle.

Dallas's most prosperous philanthropists donate so massively that they lose track of their own giving. I recently found myself in the office of a Dallas-based financier and donor—call

him Mr. T. His back was turned to me as we spoke, since he needed to watch two screens that displayed the fluctuating prices of stocks and raw materials, and he interrupted our conversation from time to time to place buy and sell orders. I asked him how much he was worth; in Dallas, I had learned, such a question wasn't unseemly, and within the philanthropic community, everyone seemed to know more or less how much money everyone else had. Mr. T. wasn't sure, since the answer changed constantly with the stock market. He called his secretary: "Pamela, how much am I worth today?" A few minutes later, Pamela announced that Mr. T., at that moment, was worth \$10 billion. I asked him how much he had donated to philanthropic causes. Again, he couldn't answer: this was primarily the domain of his wife and his two daughters, who ran the foundation that bore his name. Pamela again came to the rescue: over the last decade, Mr. T.'s foundation had donated \$1 billion.

How did such vast fortunes come to be? Ross Perot, Jr., son of the former presidential candidate and a funder, along with his siblings and a Who's Who of Dallas donors, of the Thom Mayne–designed Perot Museum of Nature and Science, offers a historical explanation. Before becoming part of the United States, he notes, Texas was an independent republic, in which the land—and the oil wealth that lay beneath it—was almost entirely private property. That remained the case after Texas became part of the Union. "Other western states are a checkerboard of federal lands (Nevada is 86 percent federally owned, Utah 64 percent)," *The Economist* points out. "Less than 2 percent of Texas . . . belongs to the government." Texans were, so to speak, the Saudis or Qataris of the United States, able to exploit natural resources freely and generate immense wealth. That development required the creation of a transportation infrastructure, which produced a second wave of large fortunes. All these fortunes had to be invested, which brought massive activity in banking and finance.

Entrepreneurial boldness was necessary to take advantage of these opportunities, and it wasn't lacking. Texas, with its limited government and weak unions, has always attracted adventurers, some of whom were criminals as well as remarkable business leaders. Perot points out that in Dallas, it's rare to find a fortune that goes back more than two generations; one would be well advised, he says, not to look too deeply into the way some of those fortunes were made.

Every story of money comes with a moral. In Dallas, that moral is financed by Cary Maguire, president of the Maguire Oil Company. Maguire would rather not talk to me about oil, but he speaks happily and at length about his creation of the Maguire Center for Ethics and Public Responsibility at Dallas's Southern Methodist University, a school much supported by the city's philanthropists. The instructors there teach students that the best way to

succeed in business is to be ethical—proof that a streak of Calvinism is still at work in the city.

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