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THE CHRONICLE OF PHILANTHROPY**OPINION**

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The New Politics of Philanthropy

By William A. Schambra

The debate in the House of Representatives over the Charitable Giving Act of 2003 offered a rare spectacle: conservative Republican legislators quoting with enthusiasm research prepared by the National Committee for Responsive Philanthropy, a left-leaning philanthropy watchdog group.

The specific area of agreement in this instance may have been arcane and technical. Right and left both were pushing for a measure that would prohibit foundations from counting administrative costs, like rent or salaries, to meet the federal requirement that they distribute at least 5 percent of their assets to charity each year.

While ultimately the House decided to do very little to change the payout rules, this year's legislative skirmish over foundation policies could well be the harbinger of a new politics of philanthropy, in which the right and left make more sustained and vigorous joint challenges to the orthodoxies of modern philanthropy as practiced and preached by the nation's largest foundations. Most likely to come under attack: philanthropy's conviction that it brings to the table not just money to give away, but far more important, an objective, cumulative understanding of society's ills and the best ways to cure them.

Challenges to the big foundations from left and right flanks are by no means new, of course. But seldom, if ever, have they been mounted simultaneously.

Typically, they alternate according to the larger cycles in the national political mood: In liberal eras, foundations are challenged as efforts "to perpetuate predatory wealth," as an early 20th century Congressional investigation put it. In conservative times, they are accused of elitist arrogance, employing "such occult arts as 'empiricism' and 'social engineering' to infiltrate the government and unduly influence its policies," as the foundation scholar Waldemar Nielsen put it in *The Big Foundations*. The radical '60s and '70s actually saw the first signs of left-right convergence over policy making. As the education scholar Robert Arnove argued in *Philanthropy and Cultural Imperialism*, "the elitist and technocratic dimensions of foundations inhere in their belief that social change can occur and social ills can be redressed by highly trained professionals (scientists and technicians) who produce knowledge and proffer solutions."

While it is seldom acknowledged, the common thread in those fluctuations is the much-scorned but enduring political impulse of American populism. For more than a century, one of its manifestations

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has been the suspicion that the large, modern foundations represent something anomalous in American democracy, namely, the concentration of vast sums of wealth behind an aggressively preemptive claim to public-policy expertise.

Philanthropy's concentration of wealth hardly needs explanation. But the other aspect of modern foundations -- their claim to public-policy expertise -- is not so widely understood.

The modern foundations arose at the same time as, indeed, reflected and magnified, the progressive movement at the beginning of the 20th century.

Progressives believed that industrial peace depended on the transfer of political power away from everyday citizens and their chaotic and parochial local organizations, into the hands of centralized, professionally credentialed experts trained in the new sciences of social control. (This also meant a shift of authority away from incoherent, volatile, popular representative assemblies like legislatures and Congress, toward administratively tidy and rational managerial bureaucracies.)

The first modern foundations -- Carnegie, Rockefeller, and Russell Sage -- eagerly bought into the idea that the new social sciences offered an indisputably objective and rational way to order public affairs, and to deal with the causes, not just the symptoms, of social disorder. Hence, they bankrolled the institutions that would ensure the triumph of expertise over popular ignorance: modern research institutions like the University Chicago, scholarly social policy journals such as *Survey*, and planning and coordinating organizations such as the National Bureau of Economic Research and the Social Science Research Council.

Philanthropy today may not be so sanguine about the bright future of scientific social control. Nonetheless, it still rests its case for political legitimacy on the conviction that it knows how best to cultivate progressive social change. That's why Dorothy Ridings, president of the Council on Foundations, which represents 2,000 grant makers, kept insisting during the House debate over the payout provision that "foundations trade in two currencies, money and knowledge."

What upset Ms. Ridings and the big foundations she represents was that the payout bill seemed to cavalierly dismiss the idea that foundations were anything more than big piggy banks. The dollars at stake -- perhaps a 0.4-percent average increase in the amount foundations would have to distribute in grants -- hardly explain their shrill reaction. But by proposing to prohibit the counting of administrative costs in the payout calculation, lawmakers insultingly suggested that such expenses were merely noncharitable bureaucratic overhead, not the magnificent charitable offerings of wisdom that the large foundations insisted they were, in their bid for democratic legitimacy.

As it turns out, foundation critics failed to pursue this challenge to philanthropy's claim to expertise. Instead, when the press uncovered several conspicuous instances of illegitimate inside deals by trustees of

smaller foundations, the council quickly agreed that here, indeed, was a worthy target of the critics' wrath, thereby cheerfully stoking populism's other tendency toward suspicion of abusive, concentrated wealth. In a remarkably deft display of political jujitsu, the council diverted the assault on the prerogatives of the large, professionally staffed foundations into an attack on small foundations, which it regards as pesky and potentially hazardous nuisances anyway.

Picking up and pressing the challenge to philanthropy's claim of expertise should be the first joint project by critics on the left and right. Those critics share an intellectual framework capable of penetrating philanthropy's smug, opaque, apolitical jargon -- the endless, sterile, process-based chatter about collaborations, partnerings, learnings, leveragings, outcomes, and best practices. Right and left both suspect that this does not represent an emerging objective, rational science, but rather a manipulative, politically freighted effort at social engineering, in which professional elites continue to substitute their judgments about the public good for the judgment of their grantees and the other citizens.

So let us ask: What do the foundations really offer by way of an expertise that can withstand rigorous scrutiny? Are they in fact developing a consistent, cumulative, systematic knowledge base able to solve social problems? Or is it the case, as the Surdna Foundation's executive director, Edward Skloot, puts it, that "much of philanthropy works in isolation, rarely sharing the task or the results. We make grants based on inadequate due diligence, partially relevant information, or simple intuition. After a grant is made we rarely share what we really know."

A related question: Do foundations in fact provide grantees with advice and counsel so valuable as to be counted as a charitable contribution? While the major charity associations -- with the courageous exception of Rick Cohen, executive director of the National Committee for Responsive Philanthropy -- faithfully parroted this line, nonprofit groups tend to have a different view when the foundation police aren't watching.

A recent survey of grantees in Northern California summarized by Jed Emerson, a William and Flora Hewlett Foundation senior fellow and former grant maker, found "a complete absence of any positive assessment of the work of foundations." Instead, foundations were described as "arrogant, heuristic, full of hubris, self-confident to the point of overpowering and having a complete inability to listen" -- qualities manifestly more characteristic of heavy-handed social engineers than helpful, expert advisers.

A second and related area of cooperation between left and right critics of foundations would be the effort to restore genuine, grass-roots democratic civic vitality as a central philanthropic value.

Easily the most disingenuous argument made by the council during the payout debate was this one, taken from its Web site: "The President has called on the grant-making community to offer more support to religious charities. Eliminating administrative expenses from qualifying distributions could discourage grant makers from giving to

those very religious charities and other smaller, emerging entities that often require foundations to offer staff-intensive support in addition to grants."

The notion that well-coifed foundation staff members spend their time on America's poverty-stricken streets, tracking down and supporting small, struggling, faith-based grass-roots groups, would be amusing if it weren't so outrageous. But now that Congress has indeed left foundation staffing costs largely untouched, maybe foundations will make a good-faith effort to get out of their mahogany-paneled offices to seek out the small, scruffy neighborhood groups for which they have hitherto had nothing but contempt. Holding them to this implicit promise could be a shared task of right and left, with conservatives bringing their interest in small, religious charities, and the liberals bringing their interest in grass-roots advocacy groups.

While the right has tended in the past to fear grass-roots activists as Bolshevik agitators, and the left to dismiss religious social-service groups as enablers of capitalist exploitation, the fact is that most effective grass-roots leaders find both faith and agitation necessary, as they strive to rebuild vital, self-governing communities, able to define and tackle their own problems.

At any rate, the larger, common enemy of both kinds of civic activism is the prevailing mainstream assumption that grass-roots groups are parochial, volatile, disorganized, poorly managed, and duplicative, unworthy of support by the large, sophisticated foundations, which alone have the expertise needed to design effective social interventions.

Might Congress be interested in providing a forum to put these questions to mainstream philanthropy? On the one hand, the massive lobbying campaign undertaken by the large foundations might tend to give Congress second thoughts. On the other hand, Congress seems only to be provoked rather than cowed by arguments like the one voiced by Ms. Ridings at a meeting of North Carolina donors, that "members of Congress were woefully undereducated" about foundations.

That sort of display of progressive disdain for the backwardness and ignorance of populist, representative bodies is precisely what has precipitated Congressional hearings in the past.

It is worth noting that the two authors of the Charitable Giving Act are Rep. Roy D. Blunt, whose district is home to Branson, Mo., and Harold E. Ford, whose district includes Memphis -- both thriving centers of America's populist culture and filled with voters more likely to be impressed than dismayed by their congressmen's willingness to take on the big, elitist bicoastal foundations.

If Congress and grass-roots right and left -- common sufferers of progressivism's contempt -- were to put the above challenges to modern philanthropy, the result might be a more moderate, sober, humble philanthropy, no longer confident that it possesses a special capacity to shape public policy and more open to supporting citizen groups trying to design their own policies, however haltingly and

unscientifically. The debate over the foundation-payout measure may have been just the first step in a journey toward a new politics of philanthropy, reflecting the resurgence of a populist faith in grass-roots self-governance in the face of a stale, faltering, elitist scientific progressivism.

William A. Schambra is director of the Hudson Institute's Bradley Center for Philanthropy and Civic Renewal, in Washington. The center's research assistant, Krista Shaffer, contributed to this article.



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