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PHILANTHROPY

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The coming boom years for charitable giving

Treasury officials **Gerald Auten & Eugene Steuerle** say nonprofits will benefit where they can offer donors solid reasons for giving

The American people have always been extraordinarily generous in their charitable endeavors. A number of factors, however, combine to make us believe that this past generosity may even be surpassed and that the near future could see an increase in the rate of giving or, more formally, in the percent of national income devoted to charitable causes.

These results are not inevitable, however. Potential donors need to be convinced of the unique value their charitable dollars have when effectively and productively spent. Individuals appear to be influenced by the nature of the appeals and requests made of them. An increase in the future supply of giving, therefore, will be determined partly by the way in which the charitable sector puts forward the "demand" for giving.

One factor likely to increase giving in the near future is the rising number of persons in those age groups that give the most. Econometric and other studies demonstrate that age has a positive effect on the amount of charitable giving. While the aging of the American population is not an unmixed blessing, it should be accompanied by an increased willingness of the average individual to donate to charity.

Tax reform a boon

A second, perhaps surprising factor we consider positive over the long run is tax reform. Despite some who have decried the effects of tax rate reduction, recent years have not seen any visible decline in overall giving. Moreover, under the old tax law many taxpayers were given significant incentives not to recognize income. One very popular incentive, even among persons at moderate income levels, is the use of tax shelters. Tax reform, by discouraging the sheltering of income, over the long run likely will increase the amount of income recognized. This in turn will increase the incentive to give to charity, especially among those higher income individuals who are believed to be most responsive to such incentives.

There is a third supply-side factor that could be of increasing importance, although its influence is almost impossible to measure. As a society, we are becoming increasingly aware that there are few easy answers to many of our social problems. A corollary is that as individuals we cannot ignore the need for us to devote our own intelligence and resources to those problems. No easy answer means no easy escape, no waiting for the other fellow or for the government to step in with some magic cure.

Interacting with donors

This is the role that leadership in the charitable sector can play: convincing individuals that they can tackle society's problems through their own giving and nonprofit initiatives. We are optimistic about the results this leadership would have from recent research about the "demand" for charitable giving. Past statistical studies have been able to explain only a modest amount about giving patterns by looking at individual conditions such as income, wealth, age, tax rates, and so forth. Such studies focus on the perspective of the individual donor independently from the purpose of the gift itself. Interaction with the donee may be a very important determinant of giving, but past studies have usually ignored its impact.

We have found that the giving of individuals varies over time much more than most people realize. The conventional view is that contributors have a list of regular charities that they support each year. But we have found in our studies

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Rockefeller's lament is philanthropy's burden

It's 1988. Where's the nonprofit leadership JDR 3d wanted in 1978?

Writing in 1978, John D. Rockefeller 3d lamented that annual giving to charity was running at a rate of $8 billion less, in real dollars, than in 1960. He blamed a "failure of leadership" for the problem: in business, in the nonprofit sector itself, and especially in government. "I have increasingly wondered," wrote Mr. Rockefeller, "what would happen if our top leadership in Washington fully understood and believed deeply in the importance of the third sector. Instead of taking over more and more third sector functions, either deliberately or by default, the government should play a strong supportive role." Tax policies "that would encourage voluntary giving," would help, he thought, as would an attitude by government that its agencies "could cooperate with and facilitate the involvement of citizens in meeting their own needs and problems."

A decade later, Mr. Rockefeller's curiosity seems in large measure to have been answered. New tax policies have indeed helped spur significant real growth in charitable giving. From the President on, public officials have promoted a larger role for the nonprofit sector. Thanks to such leadership, we now have a climate where philanthropy flourishes as it has not in a long time and as Gerald Auten and Eugene Steuerle report elsewhere, the future looks just as bright.

Yet, one would hardly know this from the sounds emanating from many parts of

The Publisher's Letter

the nonprofit world. For example, *Foundation News* recently sneered at the United Way for giving its Alexis de Tocqueville Award to Ronald Reagan. Citing the President's responsibility for federal budget cutbacks, *Foundation News* likened the honor to "giving an arsonist an award for throwing water on his five-alarm fire."

Likewise, a group styling itself the Union for Experimenting Colleges and Universities lately established an "exploratory project" to improve ways of financing the nonprofit sector. "The nonprofit sector has always been underfunded compared to the need for its services, but today it is in real jeopardy," a prospectus declared. "Some parts of the sector have absorbed severe government funding cuts (which are expected to grow worse in the future), while facing dramatically increased demands for service. In some areas private funding has been reduced. These, as well as the staggering inflation of the past decade and other factors, have created a difficult financial climate throughout the sector."

Though not surprising, this sort of reaction is hardly warranted. Apart from the facts that charitable giving has grown, inflation declined, and public encouragement for the work of nonprofits increased in the 1980s, government budget cuts have generally been less alarming than advertised. Most, in reality, have not been cuts at all, but reductions in the growth-rate of spending at the end of the Carter era (which, there is good reason to assume, a second Carter administration would not have been able to sustain either). Moreover, the impact of these changes was mostly confined to the first Reagan budget; in subsequent years, there have actually been overall increases. In any case, many of the organizations affected have been able to find other sources of revenue, as Salamon and Abramson observed in a footnote in one of their oft-cited reports: "... [The] nonprofit sector did manage to maintain its overall spending level during this period, but mostly by increasing its fees and service charges, not by raising sufficient private charitable support."

What the Reagan administration, now aided by a budget-conscious Congress, has managed to do (or at least tried to do) is end an era in which it has been possible to use private philanthropic dollars to leverage government ones. Indeed, the ability of a nonprofit group to obtain public support for its work, or better yet, transform what it was doing into public policy has been as close to a sign of effectiveness as any. That's not likely to be so in the future and while the financial consequences may not be very real, the symbolic ones are. A way of thinking and behaving that had existed for several decades is now over, producing the sense of disorientation and dismay so much in evidence in the nonprofit world.

In this regard, it is worth recalling that among the failures of leadership Mr. Rockefeller noted a decade ago was not just that of government but also that of the nonprofits. Yet, if public officials have risen to his challenge, third-sector leaders seemingly have a long way to go. Instead of adjusting to the new demands and opportunities presented by changes in public philosophy, many seem intent on restoring the old relationship of nonprofits with government, often in the form of "public-private partnerships" of dubious merit, as John Fonte points out in this issue. Like an ostrich putting its head in the sand, the third sector acts as though by hiding, all will soon be back to normal.

In all likelihood, it won't, no matter who moves into the White House next year. Those nonprofits that recognize this will be in the best position to take advantage of the new climate for philanthropic giving. They will understand that the key to success no longer lies in obtaining public patronage, but rather in achieving real results. Doing that, in turn, will require new ideas and new leaders willing to champion them.

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Do public-private ventures improve schools?

Just because it's a partnership doesn't mean it's effective, argues John D. Fonte, who urges critical thinking in giving to education

More than 60,000 public-private partnerships designed to improve American education are active in our nation today. These partnerships are involved in a myriad of projects which reward outstanding teachers and students, provide business management expertise to school administrators, form coalitions with civic organizations to foster school improvement and promote school reform with state and local officials, to name a few.

It is an understatement to say that some of these philanthropic initiatives in education are more effective than others. While many programs identify and reward educators whose efforts have produced clear results of improvement in their schools, other programs appear to have no measures for success, thus calling their own effectiveness into question. What kinds of projects should corporations and foundations support? Here are five general suggestions to assist grantmakers in developing more effective public-private strategies.

1. Know the philosophy and the personnel of prospective grantees. Many key issues in educational improvement are not technical in nature, but involve questions of educational philosophy, values, and policy preferences. It is not sufficient to simply engage expertise or "put the best minds to work," because the experts often disagree with each other and with the general public about what constitutes educational improvement and reform. For example, although many Americans believe school improvement means raising academic levels in basic subjects, a large number of professional educators advocate an "affective" philosophy of schooling that emphasizes the pupil's social adjustment and personal development over actual academic learning.

Good partnerships also depend to a large extent on the leadership ability and individual will of the director of the enterprise. The importance of the single champion or group of champions for successful partnerships is hard to overemphasize. Thus, grantmakers must be familiar with the ability and commitment of the key personnel in any project they support. As in so many areas of contemporary American life, having good people with the will to act is what matters most, not "process" or "institutionalization."

The power of ideas

2. Don't hesitate to invoke entrepreneurial values and business principles. Business leaders and other grantmakers should not be shy about articulating their ideas and values to educators. Analyst Gil Sewall told a recent conference on business-education issues that in the past business has "underestimated the power of ideas" in shaping educational policy. Ideas such as encouraging competition, insisting on performance criteria, emphasizing results (or outputs instead of inputs), promoting efficiency, recognizing the significance of parental choice, and advocating an entrepreneurial perspective have consequences. Certainly ideas and values, clearly articulated, can help define the terms of partnerships and set agendas for positive action.

3. Remember that similarities exist between excellence in business and excellence in the schools. It is significant that excellent schools, both public and private, share many of the characteristics of outstanding corporations. Both schools and businesses are generally more effective if they have the following: flat organizational structures; lean central office staffs; responsibility and autonomy at the lowest level possible; emphasis on selecting, developing, and retaining innovative people; focus on the basics of any undertaking (which usually cuts down on paperwork and any nonessential activity); setting high goals and standards, but allowing for flexible means of implementation; frequent monitoring, evaluation, feedback, and informal communication; emphasis on entrepreneurial-style small production units; leadership that inspires commitment in employees and shapes values; and a sustaining culture or ethos that is based on shared values.

In other words, in many respects good schools are similar in structure and spirit to successful "profit centers" in leading companies.

4. The individual school is the key to educational improvement. Almost all analysts, regardless of their philosophical or political beliefs, agree that the individual school is the vital unit in both public and private education. In a loosely-coupled institution like the American educational system, the states and local school districts, although significant, are not as crucial as the individual school in advancing student achievement. Within the school itself the leadership role of the principal is of paramount importance. A good principal who has had a voice in selecting a corps of like-minded teachers can be effective, even with limited financial resources, in a school in a disadvantaged community. Hence it is at the building level, working with strong principals and committed teachers, that business and foundation leaders can probably exert their greatest influence.

Vague goals, concepts

5. Watch out for ambiguous concepts and vague goals. Too often corporate and foundation grantmakers are confronted with a prospectus that sounds reasonable but could be subject to many different interpretations. For example, "increasing educational equity" could be defined as promoting the traditional American concept of equality of opportunity; on the other hand, "equity" could mean advocating numerical equality of results based on proportional representation for groups. In the same vein, proposals to foster "more democratic education" could imply either an emphasis on improving academic learning for all students, or that of a very few, depending upon one's definition of "democratic education."

Proposals to "institutionalize business-education collaboration by creat-

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Facing up to America's No. 1 health problem

Alcohol and drug abuse are a national catastrophe, say **Joseph S. Dolan** and **Chris K. Olander**. Where has philanthropy been?

Although AIDS and the homeless have received much attention in the media, there is little understanding about the major role which addictive drugs, including alcohol, play in these and other devastating social problems. It is now believed that over half of all intravenous drug abusers are infected with the AIDS virus, and one study estimates that some 40 percent of the homeless suffer from underlying alcohol and drug problems.

There is probably no other illness causing more dysfunction in the American family than alcoholism. Abuse of alcohol and other drugs is also the single greatest cause of employee accidents, poor job performance and absenteeism. Crime *is* drugs in America. All losses and costs associated with alcohol and drug abuse are estimated at **$177 *billion*** annually. A recent Boys Clubs of America-Louis Harris and Associates survey reveals that "alcohol and drug abuse now commands center stage as the foremost problem facing young people in America today. ... [T]hey are also widely perceived as a major contributing factor to other youth problems, including youth crime, teenage suicide, pregnancy, school dropouts, unemployment, accidents and hospital admissions."

> A $177 billion annual problem gets only $22 million from grantmakers.

Major voluntary organizations such as the National Council on Alcoholism have long pointed out that the nation's public and private dollars disproportionately flow to cancer, heart disease, and other ailments which are not nearly as costly to society as alcoholism. In 1986, only $22 million was spent by grantmakers in this area out of the $9.5 billion paid out by all foundations and corporations. Yet, funders are increasingly being pressed to recognize that no matter what their other priorities, alcohol and drug abuse can no longer be ignored.

Some foundations and corporations are already doing what they can to address the problem of addiction. The Kaiser Family Foundation has incorporated alcohol, tobacco, and drugs into its new Health Promotion project. The Commonwealth Fund recently launched a major initiative toward drunk-driving prevention. Through Project Alert, the Conrad Hilton Foundation is working with the Rand Corporation to discover the effectiveness of school education in curbing alcohol and drug abuse. The Metropolitan Life Foundation is supporting a National Elementary School Project to reach children of alcoholics in all primary schools in the nation. The Pew Charitable Trusts are funding a major program at Harvard University examining the media's and advertising's possible effects on alcohol and drug abuse. The New York Community Trust is participating in an innovative drug prevention and job training project through a citywide youth employment coalition. The executive director of Ronald McDonald Children's Charities has even written a book on how parents can best handle alcohol and drug education in a family setting.

Since 1983, The J.M. Foundation has funded 80 projects totalling $2.6 million in alcohol and drug abuse. One of these programs is a national medical student scholarship program in alcohol and drug abuse. By the end of 1988 some 700 medical students will have been introduced to alcohol and drug diagnosis and treatment issues at 14 summer schools and institutes across the country, including the Betty Ford Center. The Foundation is now focusing on youth, children of alcoholics and addicts, strengthening the family's ability to deal with alcohol and drug issues, medical education, and evaluation of what works best in prevention and early intervention. The Scaife Family Foundation is funding medical student training at institutes and summer schools on alcohol and drug studies. Scaife has also provided the Children of Alcoholics Foundation with substantial support for national outreach activities.

A new network of funders, Grantmakers Concerned About Alcohol and Drug Abuse, was recently formed. It is coordinated by the Pew Charitable Trusts. In January, Pew joined The J.M. Foundation and the New York Community Trust to host an initial forum in New York City. Approximately 50 grantmakers participated in the one-day seminar, "A Briefing on Prevention." Grantmakers simply do not know enough about effective prevention strategies and treatment modalities for alcohol and drug abuse. Because the body of scientific knowledge relating to chemical dependency is still relatively young, there are many opportunities for private grantmakers in program evaluation and research.

The Boys Clubs-Harris poll discovered a growing consensus across the country among community leaders, national experts and grantmakers that a new attack must be launched against alcohol and drug abuse. They agreed on the essential elements of a successful prevention campaign: parents must be involved, good information on what works must be made available, there must be adequate funding, and there must be strong leadership from the local community. Since role models have a significant impact on young people, positive peer support and reinforcement from parents' groups are also critical.

Alcohol and drug abuse of drugs is deeply ingrained in our society. Concerned grantmakers cannot continue to ignore the overwhelming evidence of damages and costs associated with these addictions, which touch almost every family in America.

Joseph S. Dolan is program officer and Chris K. Olander senior program officer of The J.M. Foundation in New

Academe's war on Western culture

At a Roundtable conference, **Allan Bloom** says the movement to rid literature of 'racism' and 'sexism' will harm those it's supposed to help

Allan Bloom, in these remarks at the Philanthropic Roundtable's conference, "Improving Higher Education," held Jan. 6 in Chicago, measured the implications of violent reactions, some of them from the philanthropic community, to his book, The Closing of the American Mind ***(Simon & Schuster, 1987).***

Many of you know that I wrote a book that's been a surprise bestseller. The first responses to the book, both in France and in the United States, were overwhelmingly favorable to a degree. Since I knew the book to be controversial, I was very surprised. But surely I saw on the basis of reactions, no matter what certain kinds of snobs said, that it touched a chord in lots of people who not only worry about what their children would learn, but what they themselves knew, what the spiritual substance they had to pass on was. And it was a very generous response, and it revealed the continuing respect in America for higher learning, and not only on utilitarian grounds.

But then something hit the fan, and I started to receive very violent criticisms after three or four months. Those criticisms are of great interest to me. In some sense I had predicted them in the book, but in another sense the gravity of the crisis of liberal education became clear to me.

I'm willing to assert now, just as a beginning, that the crisis in education, what is going on in the universities today in terms of trashing what is essential about them, is stronger and more powerful than it was in the 1960s. And it's being done bureaucratically, administratively, so one hardly understands it.

There was an article in the *New York Times* yesterday (Jan. 6) which I brought, and you ought to have a look at it. I understand some of you do not think there is a crisis of education in the United States. Listen to this article:

"Many college professors around the country are rethinking the very notion of what is literature. There are those who continue to uphold the traditional standard of literary quality, arguing that students should essentially read works whose merit has been established over the years. But there is a rising group that contends that the idea of an enduring pantheon of writers and their works is an elitist one, largely defined by white men who are northeastern academics and critics.

"Choosing between Virginia Woolf and Pearl Buck, they hold, involves political and cultural distinctions more than aesthetic ones. 'It's no different from choosing between a hoagy and a pizza,' said Houston Baker, professor of literature at the University of Pennsylvania. 'I am one whose career is dedicated to the day when we have a disappearance of those standards,'" and hence, presumably after his retirement, a disappearance of people like himself.

The power of the new school of thought, which contains mostly professors who were students in the rebellious 1960s, is rising at some of the country's leading literature departments, like Duke University. The Modern Language Association now has a president, Barbara Hernstein Smith, who says, "What is being questioned is whether power, beauty, greatness, as experienced by one group of people, is locked into the works, so that those who don't experience that are pathological, or alternatively, whether the two different experiences reflect differences about those groups, differences in historical and social situations."

Political agenda

Of course, obviously, unconsciously, what they mean is, their political agenda should find literary spokesmen whom they will choose and teach, rather than tolerating a natural kind of spectrum of thought, which has proved itself over thousands of years.

This has now become, I believe, the mainstream in the universities. It means to say, well, anything goes; but also, it says that even in those parts which are supposed to be most dispassionate, the university has to serve the passions of the day.

Now, all of this is connected with a very strange backwater academic school that nobody pays any attention to. It's called "deconstructionism." It's a school of thought that has its sources in a few French thinkers, like Foucault, was brought to the United States, partly by emigres, in the 1960s, and dominates at Yale, for example. But in a vulgarized form, it's dominating everywhere. It argues that all great texts are really hidden expressions of the power lusts of those who write them, and attempt to interpret the world and impose it on others. Therefore true liberation means to deconstruct those texts, to analyze the power motives, to get to what they call the subtext.

This language may sound very technical now to you, if you haven't been around in the country. But you find it in every state university now. Every director of a woman's studies program gets up and starts parroting Foucault. Subtext, power structures, deconstruction: that has become the purpose of the humanities in the United States, and it is a majoritarian position, as you can see from the Modern Language Association.

What has happened in the United States is that this deconstructionism has attached itself and has moved into the political mainstream, by becoming somehow (and this is an interesting history) connected with the women's and the black liberation movements.

What is going on now is an unprecedentedly successful assault on reason. It is now being said that reason is not the foundation of political orders. It is not the means for understanding the good, or what is happiness. That is all false. Those are prejudices of Western civilization. These books argue for reason, but they are all simply the hidden passions of older thinkers. Therefore, we must rebel. We must rebel against the West, because the West is the only civilization that stood for reason. Others self-con-

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Fatal attraction: Higher ed and bashing the West

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sciously understood that mythology is a truer source, a kind of poetry.

Western reason is just a Western prejudice. And what used to be called philosophy is now called Western culture. That already indicates what has happened. People don't do that with science. They can talk about Western science, but Western science happens to be used in New Guinea and Japan and Zimbabwe. It's not Western science. It's universal, it's human.

Non-Western curricula?

This is all a lot of nonsense, because there's no positive development of what a non-Western curriculum would be. One student says, well, we ought to read Confucius with Plato. That's splendid. All right, why not? But then what about Marx? Who's the Third World Marx? Marx! Who's the Third World Freud? Freud!

These things are just nonsense, and obviously have only the objective of getting rid of these sexist, racist thinkers. And they are succeeding at no less a university than Stanford in dismantling courses.

It all began when Jesse Jackson came two years ago to Stanford and went around with a chanting group: "Hey hey, ho ho, Western culture's got to must go." Now, you can say, "We must get rid of these thinkers who have contributed so much to our persecution so that *our* thinkers can get on the list." I'm not sure that that's a feasible goal, or a desirable one, but at least one can understand that notion. What these people do not recognize, however, is that equality of women and equality of blacks is only a Western notion. And if they destroy Western civilization, they will be returning to the world views which permit and encourage and need slavery.

Very simply, lying behind all this, and the real motivators of this deconstructionism which is now so popular, is Nietzsche, who said precisely, on very profound grounds, that the West must go. Then there would be the rediscovery of slavery and the capacity to reimpose the will, to re-enslave women. What's so strange is that this Nietzschean influence should suddenly be used by women and the blacks. I think they're unaware of the consequences.

Heidegger's role

It's a very strange thing that's going on. Heidegger is the great modern thinker who influenced these deconstructionists, Heidegger following Nietzsche. Heidegger became a Nazi. That wasn't just an accident. Heidegger praised anything non-Western. Late in his life, he praised the New Left, not for its cosmopolitanism nor for its Marxism, but as a destructive force.

Now, the contemporary left and egalitarian left in America thinks that it can shake the old structures of domination and inequality that remain in the West by using this. The real question is, by using Heidegger, who is going to win? Is Heidegger being used by Jesse Jackson, or is Jesse Jackson being used by Heidegger?

Heidegger tried to encourage any extremism that will destroy the West. And yet the principles of justice that the West has defined have guaranteed and encouraged our admittedly imperfect equality, but equality nonetheless. They are taken for granted. No student who graduates from college, or practically none, knows what the separation of powers is. All know that the U.S. Constitution is racist. All. It's said everywhere. It's part of the generally accepted ethos.

The liberal education component is the only place where reason, civilization, and democratic principles can be studied. It is being absolutely sacked.

Allan Bloom is John M. Olin Professor of Social Thought at the University of Chicago.

Bloom: a 'historical, nostalgic curmudgeon'?

In Chicago, a foundation officer takes on the book ... and the professor, who counters.

Following Allan Bloom's remarks at the Roundtable's Jan. 6 conference, Lance Lindblom, president of the J. Roderick MacArthur Foundation in Chicago, challenged his views from the audience. Bloom responded in kind.

LINDBLOM: The first issue that I see in discussing your thesis is that its critics, as I listen to your speech today, are classified as Nazis, as McCarthyites, et cetera.

BLOOM: You don't like that language?

LINDBLOM: No, I think you're doing yourself and them a disservice. And I think you're doing a disservice to having a dialogue about what the real issues that you're talking about. You sound like a historical, nostalgic curmudgeon ...

BLOOM: That sounds like a book. In what way do I sound nostalgic?

LINDBLOM: You have a nostalgic view for the core of great books, when we should be talking about what the standards are by which we should determine what that core of great books or great thought is. I'm sure Jesse Jackson didn't sit down and say, god, we've finished Heidegger now, and now I've got the critique to go to Stanford. That's a rationalization, a *post hoc* characterization of what's being said.

The issue is, what are the criteria that we all can agree on that should be included within the curriculum, and the key books and thoughts that we should take a look at. To say that I want to look at other cultures, or that I want to see what others thought in other civilizations except Western civilization ... I don't see how that makes me a Nazi or a McCarthyite.

BLOOM: There are two things to be

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In Chicago, 3 Roundtable grantmakers give practical ideas for

Improving higher education

After hearing numerous authorities discuss the shortcomings and failures of higher education, grantmakers attending a Philanthropic Roundtable conference last month got an encouraging report from three foundation officers who say effective giving by their philanthropies helped improve the institutions they supported.

The three grantmakers comprised the final panel at the Roundtable's "Improving Higher Education" conference Jan. 7 in Chicago. Although the speakers represented differing viewpoints, they agreed that grantmakers haven't been as rigorous in their giving to colleges and universities as they could be. Each suggested ways of improving effectiveness that emphasized giving restricted funds, supporting a small but well-monitored list of institutions, and scrutinizing recipients for their mission and philosophy.

"Far be it for me to suggest what other foundations might do," said James Piereson, executive director of the John M. Olin Foundation. "But I believe there are opportunities for constructive work here, and an opportunity to encourage the vitally important debate that has been started by the critics" of higher education such as Bloom and the Carnegie Foundation's Ernest Boyer in his book *College*.

Piereson noted that foundations and colleges have historically enjoyed a "special relationship" whereby, in theory, "philanthropy should underwrite the rational search for causes underlying social problems and the formulation of remedies to ameliorate them." Over time, Piereson said, the federal government grew in size and was welcomed as a third partner in the relationship principally expected to fund the newly-formulated "remedies." As a result, the "special relationship" was eventually defined along the lines of not only social but political philosophy.

That political view, argued Piereson, was "congenial" to the liberal view of the three institutions as partners for social progress. "Thus it is that many people working in universities and foundations deny with perfect plausibility that their work is in any way political. Instead, those who challenge them are labeled ideological or partisan," he said, warning that grantmakers who seek to fund programs outside the dominant political climate of the campus "may find that they are viewed with some skepticism by university officials who believe they are trying to impose a foreign view on the university."

Still, Piereson added, grantmakers interested in supporting innovative projects on campuses can do so, and ought to do so, by targeting their gifts rather than unrestricted giving. Many scholars and departments work independently of university control, and "all this having been said, colleges and universities are extremely free and open institutions."

Piereson also argued that foundations would do well to fund projects completely rather than funding it in part with an eye toward "leveraging" other sources of support to cover the remainder. Often, he said, the aim of leveraging is to place a large financial burden for a program upon government. This did nonprofits the disservice of obliterating distinctions between public and private sectors. "If a grantmaker thinks a program is worthwhile, it should be prepared to fund it," he said.

Craig Kennedy, president of Chicago's Joyce Foundation, noted that while his organization had dramatically

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said.

First, it is not being a nostalgic curmudgeon to say that it's important to have a knowledge of the Constitution of the United States, and that one cannot begin with the assumption that it's a racist document because slavery was preserved within it. That is of the greatest importance, and it's a very good beginning point.

Second, these arguments which I referred to here are a doctrinairism about what motivates people, what accounts for their domination. It already destroys the seriousness of texts, but it is now the common thought. And to say that what is most modern and most moving has the very profound and serious intention to shake Western civilization, and that it was connected with thought of the greatest gravity, the fascism of Heidegger, is not a form of insult. It's a recognition of the gravity of the issues.

Now if the language being used today is very much the language of an assumption, then it's important to point out what that means. I'm saying, go look at Heidegger.

LINDBLOM: I'd like to take the point of your discussion of the Constitution of the United States. In my education, there was a great emphasis on separation of powers and Montesquieu and the whole question of how that developed.

BLOOM: Well, I will suggest that there are practically no college graduates, let alone high school graduates, who have read a line of Montesquieu.

LINDBLOM: The statement is logically and empirically untrue, because I'm a college graduate and I've read Montesquieu.

BLOOM: No, I'm talking about *today.* There are no requirements to read him. It's not demonstrably untrue. In the largest measure, it is true.

LINDBLOM: But that's a diagnosis that I would agree with you on, that we should be reading Montesquieu.

BLOOM: All right, then we're already developing our standards. Now how did we do that? You see, in reading Montesquieu, we're going to have to begin in the first place with saying, maybe Montesquieu knew the real alternative regimes. He tried to present an entire frame of the possible human regimes. It's a serious study. And it's absolutely most essential if you're going to take democ-

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The coming boom years for charitable giving

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that there is substantial year-to-year variability in giving, especially among high-income givers. For example, between 1981 and 1982 about half of high-income givers increased or decreased their giving by more than 50 percent. In a five-year study, we found that for more than half of high-income givers the highest annual amount of contributions was more than ten times the lowest amount. In a study of lifetime giving and estate giving of top wealthholders, we found that many of those most generous in life gave nothing at death, while the reverse was also often true.

A 'demand' for giving

This variability of giving could be the result of deliberate bunching of giving in order to maximize the effectiveness of a gift or the influence of a donor with a non-profit institution. Or it may simply be the result of inadequate planning. The variability is so great, however, that we suspect that it reflects differences not so much in the willingness of individuals to give as in the success of various appeals for giving. In other words, in the "demand" for giving rather than the supply.

Another of our findings is that many wealthy individuals have inadequate tax planning with respect to giving. For example, tax data show that almost all high-income individuals make charitable contributions. We also found, however, that 54 percent of those who sold assets and paid capital gains tax made gifts of cash but no property gifts. Effectively, these individuals sold assets and donated the proceeds when they would have been better off from a tax perspective to have donated the appreciated property, thereby saving the capital gains tax.

Another study looked at top wealthholders and found that giving through bequests averaged more than 22 times the amount of giving in a typical year before death. Even the most generous givers in life gave over 15 times more in their bequests. Among those whose charitable bequest was over 20 percent of the estate, 64 percent gave less than 3 percent of their income in a typical year prior to death. The tax saving from a lifetime gift would almost always be greater than the tax saving in the estate, especially when the advantage of acquiring tax reduction sooner is taken into account. With a lifetime gift, the donor has both an income tax deduction and an effective deduction for estate tax purposes. With a bequest, the donor's gift is not taxed in the estate, but there is no income tax savings.

The charitable sector can convince individuals they can tackle society's problems through giving and nonprofit initiatives.

A lack of strategy

With better planning of giving, contributors would increase their tax savings and therefore have greater after-tax income out of which to increase either their level of giving or the level of consumption they or their heirs could enjoy. These large year-to-year and lifetime-to-deathtime fluctuations in charitable donations are so great, however, that we believe they reflect for many a lack of a systematic approach not only to tax planning, but to giving in general.

Both the high volatility of high-income charitable giving and the apparently inadequate planning of givers have another important implication: charitable giving may be highly responsive to the nature of the appeals made to individuals. Among the most logical explanations for these empirical findings is that information passed onto many potential givers is limited, varies significantly in quality over time, and results in a non-systematic pattern of giving for most individuals, even those who are most generous.

Our conclusions are rather optimistic. Demographic and economic factors may be combining in such a way that individuals in the near future will tend to increase their charitable giving. However, there should not be disproportionate focus on these supply-side factors. Through appeals and the ways in which donors are given a psychological stake in the use of their funds, the charitable sector is also able to affect the demand for giving. Our research supports a renewed emphasis by the charitable sector on the ways in which this demand is presented. Such efforts have a significant possibility of leading to an increase in the rate at which society donates out of its income.

Gerald Auten is a Financial Economist and Eugene Steuerle Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury. Mr. Auten is author of several studies on tax incentives for charitable giving and the giving patterns of the wealthy. Mr. Steuerle is author of studies of giving, and was original designer of Treasury's tax reform effort. The views expressed are those of the authors alone and do not

Building effective public-private educational efforts

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ing new intermediate structures" or to "pool contributions from corporations and other civic groups in order to maximize effectiveness" might result in genuinely stronger partnerships. At the same time, phrases like these can also be euphemisms designed to weaken business's voice in deciding how its philanthropic funds are spent.

When faced with ambiguity, grantmakers should not hesitate to insist upon clear and thorough definitions of a grantee's operational concepts and goals.

John D. Fonte is a senior associate at the Office of Educational Research and Improvement of the U.S. Department of Education. No endorsement of his views by the Department of Education is intended.

Is TV affordable for grantmakers?

Not only that, it's indispensable, says producer Neal B. Freeman

Almost everyone in the grantmaking world has a dark tale to tell about the television business. A bizarre proposal received. A development grant evaporated. A program that remained stuck forever in the production pipeline. A series that bore no resemblance to the proposal's description. The risks of television are documented by a thousand horror stories. Some foundation executives are no doubt tempted to ask, Why bother? Why not just stick to print?

The answers to that question are all around us, every hour of every day of the week. Even lifelong denizens of the print culture are gradually learning to accept the reality that television is the dominant medium of communication in our country.

Even the cost of doing television, once thought to be within the budgets of only the largest foundations, is no longer as daunting as it once was. A television program does cost more than a book or a conference. But the differences in audience size are likely to be larger still. Video can be done jointly with books or conferences. And television is also a collaborative medium: It's customary for several funders to participate in putting together a program or series. Thus an investment not much greater than a book or conference would require can have a disproportionately greater impact in today's new world of television.

Only ten years ago, the four networks held a virtual monopoly over national television. With the arrival of cable and satellites and VCRs, however, the power of programming has shifted from the network gatekeepers to the individual viewer. The video consumer is truly king in the new media market and he is beginning to act regally. He zaps commercials, he watches one show while taping another, he even strays from the well-worn path during the network's so-called "prime time." These liberated viewers are becoming a fragmented audience, with the result that the networks can no longer "rent eyeballs" by the tens of millions on a predictable basis.

An important side effect of this audience shift is that special-interest audiences have become relatively more important to both programmers and advertisers. Viewers can now demand and receive custom programming designed for very limited markets. And in exercising those demands, the new viewers have broken the monopoly control of the networks. New ideas, new people and new formats are now flooding through the broadcasting and cable systems of the country. For grantmakers, the message is clear: If you have an important idea, the means can now be found to transmit it by television to your target audience, something once possible only through print media.

Doing TV right

Over the years I've learned a few lessons that can make the leap into funding television programming relatively painless for the grantmaker.

1. When considering a proposal for a television production, look closely at the producer. We all know writers who don't seem to write very much. In that same musty tradition there are producers who never seem to get around to producing much of anything. It is one of the marvels of our post-industrial society that a whole subculture of non-producers has grown up around the edges of the television industry. These charmed people live, some of them quite handsomely, on "development grants" from which actual shows only infrequently materialize.

Prudent grantgivers should look beyond the slick proposals and the institutional affiliations to the raw tape. And the rude question should be posed: Do the producer's shows actually get produced?

2. Know where the show will be distributed once it's produced. Once you have a satisfactory producer, ask yourself, Who will see the show? If distribution hasn't been arranged (broadcast, cable, home video, foreign, or some combination of these) *before* production begins, you are entering a new business: vanity television. Programs that will be seen only at private screenings. An electronic *samizdat,* if you will.

3. Make sure there are committed personnel backing the production. Television is a creative enterprise and depends for its vitality on the commitment of a single individual. On a large project I was once offered "the full intellectual resources of Yale University." That line added a full five pounds to the weight of the proposal, but in practical terms I gladly would've traded those "resources" for the part-time services of a willing grad student. The pertinent question here is, Who's doing the work?

4. Your productions must communicate real ideas to real people. The wire services used to dismiss lightweight stories by using an all-purpose phrase: "It's an Afghanistan story." (This was prior to the unhappy events of December 1979.) Well, it's no secret that too many public service broadcasts these days are what could be called Afghanistan shows. They may be beautifully shot and artistically cut, but they don't affect either individual lives or institutional concerns.

In the newly realistic environment of the 1980s, such programming is rapidly falling out of favor and soon will fade away altogether. Only programs that actually serve a communication *purpose,* transmitting ideas that viewers need or want to receive, will be able to command airtime.

5. Promotion must be generous and purposeful. A television program unseen, like a novel unread or a falling tree unobserved, is a media non-event. Both sweat and tears go into the making of television programs and such emotional investments deserve a return. More pertinently for the philanthropic investor, there is the leverage factor. A dollar of promotion on top of three dollars of production funding can have a disproportionate effect on audience size. In fact, some corporate funders are now looking at promotional budgets that *equal* the production budgets.

Grantmakers should remember that if

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Briefly: Communities versus capitalism

Many of America's inner cities have become centers of decay over the past two decades. Once communities of temporary inhabitants looking to move up and out of poverty, they are now permanent homes for an "underclass" that has resisted, and even grown dependent upon, two decades' worth of poverty programs. Not surprisingly, the inner city has once again become the center of a policy debate over how best to break the "cycle of dependency" among the large numbers of poor people who live there.

A new report issued by the Ford Foundation calls attention to an apparently little-known movement that, its authors believe, offers hope to these individuals through the improvement of their communities. *Corrective Capitalism: The Rise of America's Community Development Corporations,* chronicles the history of a movement that, beginning in the 1960s and continuing to the present, has sought to rebuild poor urban (and rural) areas and thus improve the economic fortunes of the residents in those areas. The report's authors, Neil Peirce and Carol Steinbach, estimate 3,000 to 5,000 of these corporations, or CDCs, presently in operation, and praise them for opening doors "to classes and individuals otherwise excluded from the American dream."

CDCs were born alongside the War on Poverty during the Johnson administration and, like all anti-poverty projects during that period, were fueled largely by political activism and hefty government funding. From the beginning, report Peirce and Steinbach, they have concentrated upon job creation and housing restoration, two efforts designed "to reverse residents' overwhelming sense of negativism and isolation," as well as to develop indigenous control over the community's fate. CDCs developed businesses, many of which failed, and invited outside corporations to locate new facilities in their neighborhoods. The authors, who compiled the report independently of the Foundation, say they were impressed by how "remarkably entrepreneurial" CDCs have become "in forging partnerships with local governments and the widening number of corporations willing to answer the call for more 'socially responsible' investment."

It is clear from *Corrective Capitalism* that Peirce and Steinbach favor an expanded role for them: not just wider public recognition, but a restoration of federal funding that decreased in the Reagan years to government agencies primarily responsible for supporting CDCs. "CDCs operate in neighborhoods where the free market failed in the first instance," say the authors, echoing a commonly-held sentiment among the movement's advocates. Thus, if private enterprise cannot wholly carry the load, many CDC leaders consider public subsidy "essential," not just to their organizations, but to restoring hope to these neighborhoods.

The report presents no real evidence either that capitalism has "failed" these areas, or that CDCs are "correctives" to the alleged failures. Instead, *Corrective Capitalism* relies upon an uncritical optimism in the ability of federal funding to eliminate poverty and strong skepticism in businesses that are not indigenous, i.e., not under community control.

This is not in fact what the 1960s and '70s taught us, when despite unprecedented federal outlays the rates and nature of poverty deepened, a fact that appears to have been lost on the leaders of the CDC movement. Perhaps that explains why the "successes" of CDCs have been lost on the public. For if indeed there are 3,000 to 5,000 of them in operation, as Peirce and Steinbach assert, where has their impact been measurably felt in any of the country's hardest-hit poverty areas? The authors have numerous anecdotes about community organizations that succeeded. But if the substantial role of outside businesses, whose free-market principles supposedly failed the first time around, is discounted, the real successes of CDCs have been only in mobilizing community residents for purposes of political advocacy. The real effectiveness of CDCs lies in reining in successful free-market corporations from the outside and putting them under the control of local organizers whose strength is not economic savvy, but political muscle.

Corrective Capitalism is endorsed by Ford Foundation President Franklin A. Thomas, who along with the authors calls for CDCs' elevation "to a central position in domestic policy making." Thomas warns that "no substantial development among the poorest communities and people is achievable without an adequate flow of public resources," and specifically, "there is just no substitute for the federal presence." These may come as unsettling words to many grantmakers who seek to find private solutions for the problems of the inner city and particularly to promote individual initiative and job creation through economic growth. However, the most unsettling fact about this glowing report on community development corporations is its rejection of one of philanthropy's oldest principles: that efforts should be devoted to restoring an individual's independence, not encouraging greater dependence upon philanthropically- (or publicly-) funded institutions. Given the rapid decline of America's inner cities, the last thing grantmakers probably would want to do is promote the dependence of persons upon CDCs.

ADB

Our next issue:

Philanthropy begins its second year by moving to bimonthly publication and more features. Check our May-June issue for information on our next provocative, practical conference.

3 grantmakers: How we improve higher education

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reduced its funding of higher education in the past decade, it also had a much better relationships and greater impact on those institutions it had continued to support. "We spend a good deal of time talking to presidents and provosts to get a sense of their vision," he said. "What do they want from this place?"

For Joyce's institutional evaluations, which Kennedy said are compiled during annual visits to each college the foundation supports, he studies the school's curriculum, finances, admissions figures, alumni giving, and faculty. Finally, Kennedy said, he asks if there a need for the project his foundation is funding at that school. "Why, if they have an endowment, or they have increased giving from this place or that source, why do they need our money?"

John Schwendiman, manager of strategic studies for Dow Chemical Company, said corporate donors should articulate specific goals for their giving and support only institutions that supported those goals. Those goals, he added, should be tied directly to the long-term interest of the company's stockholders. At the same time, however, there is a "vast arena of potential activities" corporations can fund effectively.

Ensuring that corporate giving to higher education is spent properly, Schwendiman urged "thorough research, objective judgment, smooth execution and followup" for funding programs. He said corporations should encourage a two-way relationship which provided universities with crucial funding from an informed donor and companies with plentiful talented recruits for entry-level positions.

"What was very surprising to me as I got into this was that there were very few, if any, other major companies that were doing anything like we were doing," said Schwendiman. "What a vast untapped reservoir of expertise directly relevant to international business I found. And I found an eagerness on the part of academics, not just because of the grants of money. There was an eagerness for interaction, and for understanding what issues were important to businessmen."

Aaron D. Barnhart

Bloom a 'curmudgeon'?

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racy seriously.

If you agree that we should study the Constitution, study Montesquieu, study *The Federalist,* raise the issues whether the compromises made were racist, then we should have important courses, and that that's absolutely essential, *then* we've gone a long way.

But that's not what's going on.

LINDBLOM: Well, that's a characterization of the people who you view as your critics, people who are talking from the point of view I'm talking about, which is expanding and taking a look at ...

BLOOM: It depends on what you mean by "expanding." Nobody ever thought for a second when talking about Third World, and about the need to study Islam, that in the first place, Islam is Western. It's *not* non-Western.

But second, if these kids in these courses actually read the Koran and thought about reason and revelation ... but they don't. It's just an exercise in consciousness-raising, like going around to a bazaar. The intention of these courses is simply to loosen people from this Western prejudice.

The issue is whether these Western prejudices are just prejudices. Presumably very few of these people think that human rights is a prejudice. Well, human rights is of Western derivation. You won't find it anyplace else. These are important things to be aware of. And this is not in this enormous flood of things that's being said. I've looked at them carefully. I see the courses that are being generated.

So if people find it objectionable when I talk about the most serious intellectual issues and that I try to go to the most serious intellectual sources, and I tell you, I assert it, that Nietzsche and Heidegger are playing an enormous role in the United States, they say, "Ah, nonsense!" All right, that's easy. But Jesse Jackson does go around using the word charisma. So does everybody today. Does anybody know where the word charisma came from? It's a new word.

PERSON IN AUDIENCE: Grace.

BLOOM: No. That's the old religious usage. It took on a new usage in the thought of Max Weber, who used it as an interpretation of a certain kind of claim to political right on the basis of divine connection. Weber developed charisma because it was his belief on the basis of Nietzsche that reason can never produce values.

The whole constitutional tradition is that of course reason can discover what nature and nature's god have given us. What do you think the Constitution, or *The Federalist,* would call a charismatic leader?

AUDIENCE: Probably a demagogue.

BLOOM: Absolutely. It's a bad thing. Yet today charisma is almost always used as a positive thing.

AUDIENCE: It should be. It's grace-filled.

BLOOM: But it has established a political claim outside the Constitution. These are very important things in our understanding. We have to think through such words. That's what a liberal education is about. We have to think through their sources and their alternatives; think about "demagogue" and "charisma." Those are terribly important things in a most practical way.

There is no question that there is a very passionate attempt to reinterpret the American tradition. That's a very important thing, not only in the sense that we've got to fight this, or we've got to know our enemies. It's also intellectually interesting. And while something intellectually interesting is going on, we don't have the intellectual resources to marshall to study it or understand it.

That's what a liberal education should be about. The course should be not, "The Racism of the Constitution," but, "Is the Constitution Racist?" You might have a whole series of Third World courses like "Women in Islam." But the question is whether those will be the ones that will be accepted.

Television for grantmakers ...

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effective communication is the objective, the potential audience must be notified and attracted. *Where* you advertise, of course, depends upon your target audience, around what media of advertising it is most likely to be congregating, and at what times. But the important thing is to identify that audience and tell it about your program. Viewers will be moved to the tube not by an invisible hand, but by direct, repetitious public announcements.

Neal B. Freeman is chairman of The Blackwell Corporation in Washington, D.C., the largest independent supplier of programming to the Public Broadcasting Service.

... and some who make it possible

People to know

An increasing number of young filmmakers are supplying important, thoughtful programming to public television. Here are six of them:

Eugene Shirley, Pacem Productions, Los Angeles. Produced "Candle in the Wind," a study of religious repression in the Soviet Union. Currently working on 9-part series on world Communism co-produced with BBC.

Neal B. Freeman (see article above) produced last year's PBS special "The Conservatives," a chronicle of American conservatism from 1964 to the Reagan Presidency; "The Advocates," a current-events debate show, and "American Interests."

Kit Vincent, Toronto: Produced "The KGB Connection." Currently working on "The New Liberation Wars," a film series on trouble spots such as Angola, Afghanistan, Mozambique and Nicaragua.

Michael Pack and **Daniel Pollin** (Manifold Productions) Produced "Hollywood's Favorite Heavies," on American businessmen. Currently working on project with Ben Wattenberg.

Robert Chitester (Erie, Pa.). Produced "Free To Choose," with Milton Friedman. Has also done a number of TV shows with Donald Lambro and Walter Williams.

PHILANTHROPY

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Foundation evaluations: examining the hows and whys of your giving

Consultant **James Koerner** offers some practical tips ...

Because philanthropy is an art and very much not a science, we should take with some skepticism the talk we hear these days about standards good foundations need to observe. One man's standards are another man's straitjacket. That goes for evaluation as much as anything else in the foundation business. The following comments are not set forth, therefore, in any canonical spirit. They may sound like rules of thumb, but they are actually seat-of-the-pants notions meant to suggest more questions than answers.

1. Be clear about why you want an evaluation. Many an evaluation is undertaken for the sake of appearances, either internal or external, or because the staff needs busy work, or for reasons other than a genuine belief that an evaluation will tell the foundation something important it doesn't already know.

2. Should you do it yourself or use an outsider? Doing it internally ensures that intimate knowledge will be brought to bear on the questions involved, but it risks parochialism and the possibility of distortion, intentional or not. Outsiders bring independent judgment to the task but imperfect knowledge of the foundation's affairs. Generally it is better to use an outsider who is given freedom to learn as much about the foundation as possible.

3. Smaller usually is better. Most evaluations I have seen are extremely prolix. I neither want nor need all that expensive information. What I need is the experience and judgment of a smart evaluator. The art of being boring, as Churchill once observed, is to say everything.

4. Whether grantees meet their goals may be less important than you think. The conventional wisdom seems to be that goals should be met and that if they are, the project was

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... and **Robert Russell** relates one foundation's experience

"How would you like to try something that few, if any, have tried before?" asked Jack Brauntuch, executive director of The J.M. Foundation. His challenge to my firm, Robert Russell and Associates: perform a foundation evaluation. This challenge led to a two-year odyssey involving ten evaluating staff, six outside experts, 234 leaders across the country, and the board and staff of the willing patient, The J.M. Foundation.

Throughout its 60-year history, The J.M. Foundation had been an important contributor to rehabilitation medicine, youth services and, in recent years, public policy. As one of America's oldest private foundations, J.M. wanted to know, at least generally, how effective its grants and self-generated projects had been, particularly during the immediate past decade. They hoped these data could help chart the foundation's future course.

In beginning the evaluation, we assumed that the basis for any comparisons or measurements should be the foundation's own philosophy or credo, expressed as closely as possible to the thoughts and words of the foundation's donors.

Merely evaluating the *process* by which grants are handled, generally an uncontroversial area, makes evaluations highly susceptible to self-congratulation, since a process can be deemed successful while the ideas that motivate the process are questionable at best. Evaluation instead should include thorough consideration of the foundation's original purpose, usually expressed as a philosophy or set of guidelines, how

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But what would the donor have done?

The unfashionable question that's the key to better philanthropy

"Would you tell me, please, which way I ought to go from here?" asked Alice.

"That depends a good deal on where you want to go," said the Cat.

"I don't much care where," said Alice.

"Then it doesn't matter much which way you go," said the Cat.

The Publisher's Letter

As with Lewis Carroll's Alice in Wonderland, so with grantmakers. Not caring where one wants to go makes it easy to get there. Or to put the matter differently, it's not hard to give away money if one has no particular goals in mind. Effective philanthropy, however, requires having an idea or two about what one hopes to accomplish. As the cover stories in this issue make clear, without such ideas, meaningful evaluations are impossible ... and unnecessary.

Yet over the years, a certain "refined" opinion on this matter has emerged in philanthropic circles. Everyone still pays lip-service to the notion that grantgiving should be purposeful. (As a character in a *New Yorker* cartoon put it while watching another person tossing a bucket of money out the window, "That's not the way we do it here at the Ford Foundation.") But in practice, some purposes seem to be less worth honoring than others: in particular, the purposes of the person who has set up a foundation, or the company that is financing a contributions program.

Who now, when considering a grant, pauses to ask what the donor would have wanted to do? Or whether a project really serves the interests of the corporation helping to pay for it? Undoubtedly, some grantmakers still think such thoughts, but for the most part, they must do so surreptitiously. For what one normally hears in the philanthropic world are reasons why the intentions of the giver should have little bearing on the objectives of the gift.

One such rationale rests on the need for flexibility. The world changes; so do the problems that philanthropy tries to address. A donor would be foolish to set up rigid and detailed goals that might unduly limit the usefulness of a grantgiving program. Better to state a direction in broad terms (e.g., "to promote the common good of society") and empower trustees and staff to chart its course as circumstances dictate.

This is, of course, how the great "general purpose" foundations were constituted. Now, even those with less expansive charters, but which wish to stay in tune with the times, find this way of operating appropriate, or at least convenient. And to be sure, there is a lot to be said for being adaptable.

Yet, it is a mistake to assume that achieving such flexibility requires ignoring the intentions of donors. To the contrary, most philanthropists (including corporate ones) have histories, philosophies, and traditional interests that give meaning to phrases such as "the common good." A broad statement of goals need not be the same as a blank page upon which anything may be written. While donors may not be able to anticipate everything, their outlook and desires, insofar as trustees and staff can ascertain them, would seem as legitimate a starting point for deciding what to do next as any other, if not more so.

Unless, that is, one subscribes to the notion that in exchange for a tax deduction, a donor loses the right to control the disposition of any funds given to charity. Especially since 1969, the laws governing philanthropy contain many echoes of this doctrine. Similarly, the recent efforts of some corporations to combine charitable and business interests (such as in "cause-related marketing") have provoked loud cries of impropriety. Charity is not meant to be self-serving; public interests, not private ones, are supposed to benefit from it. And while this once pertained chiefly to financial matters, many tax and philanthropic experts are seeking to apply it to the programmatic side as well. Donors should do what the public wants (or claims to need), not what they might think of as appropriate and worthwhile.

Taken to such an extreme, this new doctrine is nothing short of nonsensical. It suggests, for example, that the public may have a claim on the management of anything paid for with tax-deductible money, such as an interest-bearing loan: a home, a new car, or a college education. Moreover, if we intend to use it for publicly-defined purposes, why do we bother to exempt a gift from taxation in the first place?

The more traditional view provided a good answer. The reason we encourage philanthropy is because we believe there are many ways to serve the public and that our society will be better off if people do so through foundation and corporate giving, as

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New remedies for child abuse

Increased reporting and federal aid help, but better private initiatives are needed as well, says **Douglas J. Besharov**

Over the past twenty years, much progress has been made in protecting abused and neglected children. Every State has enacted broad, mandatory child abuse reporting laws and has created specialized "child-protective agencies." The number of children reported to the authorities because of suspected child abuse or neglect rose from 150,000 in 1963 to 1.9 million in 1985. Federal and state expenditures for child protective programs and associated foster care services now exceed $3.5 billion a year.

Nevertheless, serious gaps in protection remain. Professionals (physicians, nurses, teachers, social workers, child care workers, and police) still fail to report about half of the maltreated children they see. *Each year, about 50,000 children with observable injuries severe enough to require hospitalization are not reported.*

As thousands of children "slip through the cracks," the nation's child protective agencies are also being inundated with unfounded reports. Nationwide, about 60 percent of all reports are "unfounded," that is, they are closed after investigation. This is in sharp contrast to 1975, when about 35 percent of all reports were "unfounded." Each year, over 500,000 American families undergo investigations for reports that are not substantiated.

Unfounded reports are not only unfair to the children and parents involved, they also divert resources from cases of serious danger to children. Thus they threaten to undo much of the progress that has been made in building child-protective programs.

Private philanthropy can play an important role in addressing these problems. For those concerned about the welfare of children, child-protective programs are the core of any comprehensive child welfare system. And for those concerned about undue government intrusion into family life, child-protective programs are a major example of well-intentioned, but often unjustified, intervention.

Wanting to do something to improve the plight of maltreated children and spending money wisely, though, are two very different matters. Because so few outsiders have any real contact with the child protection system, foundation officials often have difficulty in judging the worthiness of grant applications. As a former grantmaker who has supervised over $80 million in child abuse grants, I would offer these suggestions to those foundation and individual donors who want to improve their effectiveness in giving to these efforts:

1. Be wary of research that promises to find "the causes" and "cures" for child abuse. Dozens of well-funded research projects have tried and failed to discover *the* cause or causes of child abuse. By now it is generally accepted that, as for all forms of human behavior, there is no one cause of child abuse. Rather, there is a mix of factors which for some parents leads to abuse and, for others, do not. For the foreseeable future, it is unlikely that any research results will be more definitive.

Just as there is no one cause of child abuse, there is no single therapeutic technique or service that can cure it. Instead, there are many effective treatment approaches, whose ability to break patterns of child maltreatment depend on the family, its situation, the quality of the therapist, and a host of other variables.

2. Support research that evaluates the operational functioning of child-protective programs. Many children suffer serious injury because the child-protective agency was not able to respond promptly or effectively to a report. Hidden from the public and even agency heads, operational malfunctions usually come to light only when a child's death is widely reported in the media. Operational research can reveal points of delay, staff inadequacies, decision-making problems, and administrative weaknesses, so that they can be corrected before a child's unnecessary death. A small amount of research money can effect a great deal of program improvement.

3. Support public awareness and professional education programs that describe what should be reported ... and what should not *be reported.* Be wary of public awareness and professional education programs that hype or oversimplify reporting responsibilities.

Needed is a balanced approach that gives potential reporters concrete guidelines about what should be reported. For the general public, brochures and other materials are needed that (1) clarify the state's legal definitions of child abuse and neglect, and (2) give general descriptions of reportable situations, together with specific examples. For professional education, materials are needed that contain more specific information and that are keyed to each profession.

4. Support on-going training programs based on clearly articulated agency goals. Effective training is a continuing process of communicating and refining agency goals and policies. Unfortunately, public funds are usually not available for the "luxury" of developing and updating well-crafted policy statements and procedures manuals, which are the indispensible basis for such a training process. In most states, only outside funding can fill the gap. Be wary of training efforts that propose to bring in outside consultants or experts to put on a one- or two- day session for agency employees.

5. Support efforts of existing mental health, social and family service agencies to treat maltreating parents. A real expansion of services comes only when established agencies begin serving abusive families. These agencies can bring to bear a range of long-term services tailored to needs of individual families. Thus, the best

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Philanthropy's challenge overseas

Grantmakers can promote freedom and economic growth all over the world, says **Mark Blitz** of the US Information Agency

It is obvious today that what happens in one country can affect significantly what happens in another. From this one might conclude, as do many who talk admiringly of "interdependence" and "convergence," that divisions among nations are now relatively unimportant. But from another perspective, the fact that our actions have consequences for each other only makes more evident the decisive differences in what countries do and why they do it.

These splits in interests and motives, and especially in opinions and institutions, are central obstacles to those who seek to advance the cause of justice abroad and promote the foreign policies of the United States. One way to confront this problem is to deal *directly* with the opinions and intellectual milieu of foreign citizens in order to increase the possibility of finding or creating common ground.

In our government, this is the mission assigned to the United States Information Agency. Through radio and television broadcasting, magazine and book publishing, academic and cultural exchange programs, and other means, USIA seeks to increase knowledge about the United States, its policies, principles and institutions, throughout the world. At the same time, USIA activities also help to deepen our own comprehension of what is on the minds of the leading citizens of other countries. During the Reagan administration, this dual mission has been given unprecedented emphasis and financial resources.

Nonetheless, what USIA does is still only a fraction of what needs to be done. Fortunately, private educational and cultural efforts overseas have a long tradition in the United States and the opportunities for doing more are greater now than they ever have been. For those grantmakers who are considering working in this area, here are a few lessons we have learned:

1. Grantmakers can exert great leverage in affecting opinions and practices in, say, Chile or Argentina, Israel or Indonesia, for two reasons. First, there is little competition. Public and private funding abroad for conferences, seminars, studies, journals, institutes, think tanks, and training, as opposed to student exchanges, is still insignificant. Second, the number of important institutions and audiences is no larger than in the United States, and usually much smaller. Small groups with coherent ideas and a wish to see them spread can understand easily whose attention must be held, and whose views can be strengthened or changed.

2. What a foundation or corporation should look for in working abroad is similar to what it should look for at home. The key is to offer sustained support to an entrepreneurial group of people who can influence the broader climate of opinion. Such people can be discovered through a combination of inquiries among Americans the grantmaker already supports, self-selection through requests to the grantmaker, and an ongoing familiarity with scholarly, intellectual, and media trends. When our government, for example, wishes to bring rising foreign legislators or journalists to the United States to observe our country and institutions, we first consider suggestions from our own officers. Similarly, a foundation or corporation that wishes to support or help generate an effective think tank abroad should begin by canvassing its domestic friends, and only then seek wider advice.

3. Grantmakers involved in international affairs should play for the long haul, and recognize that seriously influencing opinions and practices will take time. This means that they should be prepared to offer sustained institutional support and not work only with short-term projects. Still, because specific events and studies give think tanks or university centers their vitality, they should not be shy about helping these events or even suggesting them. Foundations or corporations should do so, however, with a sure sense of the activity's place in the broader strategy of the group, and they should consequently expect and, indeed, hope to support the group often. When we at USIA successfully deal with a foreign university, for example, we continually ask how this conference, this lectureship, this research grant will contribute to the curriculum and teaching improvements we would all like to see in place five years from now. An intelligent grantmaker is similar to a skillful bank, interested both in the infrastructure of the firms with which it deals, and with the new ventures that expand the firms' markets and profits. Above all, it recognizes that the projects supported and sustained are defined primarily by the people leading them.

4. For those foundations, such as corporate foundations, that judge their situation to require grants that contribute to ~~a foreign version of~~ domestic community relations, support might be centered on institutions that do useful long-term work, but are considered generally to be neutral and non-controversial. The binational commissions that administer the Fulbright program and other scholarship programs are ready examples. Support for fledgling professional associations, libraries, and serious English teaching centers is another possibility. "Community relations" grants are designed to increase the popularity or acceptability of the foundation or corporation itself, and the attempt to affect opinion and institutions over the long term is not necessarily identical with such an approach. Nonetheless, thoughtful support of this sort can usefully complement the entrepreneurial efforts of foundations seeking to affect institutions and opinions more directly and comprehensively.

5. Grantmakers should have a clear sense of purpose in all that they do to influence the intellectual milieu abroad. This purpose, I believe, should be to encourage the growth

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At a Roundtable conference, experts in health care, national security, and corporate social responsibility answer the question:

Should philanthropy look to the 'left' and 'right'?

Agreeing that grantmakers often approach social problems with different viewpoints, 11 experts from the academy, philanthropy and public affairs discussed the role of "left" and "right" in philanthropy Sept. 22 at a Philanthropic Roundtable conference in Washington, D.C.

Although some of the panelists argued that left-right differences weren't as important as other considerations, such as the prevention of nuclear war or reducing the spread of AIDS, all the speakers agreed that differences in ideology need to be more clearly expressed and debated.

The morning session featured four panelists on "What are the differences [between 'left' and 'right'] and what difference does it make?" Midge Decter argued that the differences would be better understood if grantmakers and recipients would avoid "philanthropy-speak" that often obscures the real purposes behind a grant. (Her remarks are excerpted on page 9.)

But William Bondurant, executive director of the Mary Reynolds Babcock Foundation, thought Decter's "conspiracy theory" was exaggerated. "Left-right" differences were relatively unimportant, Bondurant argued, compared with the shared interests of both sides which "flow more from the wellsprings of human compassion."

Michael S. Joyce, executive director of the Bradley Foundation, said the differences in outlook between the two sides reflected "a conflict of visions," referring to the book by economist Thomas Sowell of that title. "Liberal philanthropy looks often directly to desired results, and conservative philanthropy operates in terms of processes intended to produce desired results, not usually directly, and certainly not without unintended side effects and anticipated social costs," said Joyce.

The fourth morning panelist, Paul Ylvisaker of Harvard University, said "left-right" differences "don't belong in philanthropy." Philanthropy "ought to be for the underdog" and should reject political labels because "politics is a game of power," not of underdogs. "The philanthropic process is a different process [from the political process]," he said.

Following luncheon remarks by syndicated columnist Ben Wattenberg (see page 7), three afternoon panels sought to explore the "left-right" differences in health care, national security, and corporate social responsibility.

Health Care: The AIDS Dilemma

In the opening afternoon panel on health care, former San Francisco Foundation director Martin Paley discounted criticisms that philanthropists should consider individual behavior and responsibility when dealing with health problems.

"I don't believe there is a great deal of doubt about what kind of behavior produces AIDS. I think that's pretty clear, and it's widely agreed that certain kinds of sexual behavior produce AIDS," said Paley. But, adding that some of the discussions of behavior have been "highly polemical," he contended that individuals could and should observe safety measures regardless of their behavior.

"We have enough knowledge now to be able to prevent the problem from occurring, and if people could be encouraged and stimulated to, as the expression goes, 'practice safe sex,' in all forms of our life, we could eliminate that problem tomorrow. The moral questions of homosexuality, or heterosexual behavior, I think, cannot be ignored or denied, but they're not central to an essentially public health problem where we are all at risk eventually," said Paley.

But Jack Brauntuch, executive director of the J.M. Foundation, argued that individual responsibility was understudied in the field of health care and needed more attention.

"In the area of AIDS, fundamentally we're dealing, to our best knowledge, with a sexually-transmitted or IV-drug-user disease. Both are behaviors. I think we tend to avoid that fact. We don't have great understanding of the behavior, the compulsivity and all the psychodynamics that go into both of those disorders," said Brauntuch.

Pointing out a report by the Surgeon General that condom use in homosexuality was "safe" only 50 percent of the time, Brauntuch said the reaction by philanthropists toward the individual and AIDS mirrors their attitudes toward teenage pregnancy. He cited a task force he served on whose "bottom line ... was that we have got to help these young people use contraception, because 14- and 15-year olds are sexually active." Brauntuch noted that, as with AIDS, the task force was assuming "that 'safe sex' is 100 percent effective. That there is no sense of responsibility at the heart of human behavior, that there is no fundamental concern for another person in that sexual relationship."

When Brauntuch objected to the assumptions, he said one grantmaker accused him of using "conservative, hostile rhetoric." Brauntuch added: "Now, is that a difference about how [Paley] and I perceive a problem?"

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'Left' & 'Right': should grantmakers pay heed?

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National Security: Which 'Studies' To Study?

The panelists on national security promoted different approaches to national security education that, each side admitted, was substantially opposed to the other's.

R. Daniel McMichael of the Sarah Scaife Foundation advocated "national security studies" that defended American interests. "At some point in its moral and religious structure, at some point in its legal, political, economic and social structure, a country must believe in itself. It must understand what it is, good and bad, and believe in itself as being worthy of remaining a country," he said.

To that end, McMichael urged development of national security studies focusing on the defense of America's "vital interests."

But Ruth Adams of the MacArthur Foundation, which sponsors a "peace scholars" awards program, contended that "in the age of nuclear weapons and interdependent world economic and resource systems, the security of each nation is fundamentally bound together with the security of others."

Instead of "vital interests," Adams said countries need to study global interests. "What is good for national security defined in traditional terms might well be bad for global security, and in the long term, each nation's individual security will depend heavily upon security of other nations in the world," she said.

Adams cited in particular the threat of nuclear war and "the ways in which the Soviet Union, as an adversary, and the United States, perceive and misperceive each other, understand and misunderstand each other.

"The MacArthur Foundation took the position three years ago that the prevailing conceptions of security have underestimated very seriously the dangers to which critical events in the world emanate from factors other than military power. I think these issues are more demanding than any society has ever faced, and I do not divide into left and right."

McMichael conceded that in certain applications, "peace studies" were important and could contribute constructively to the enhancement of security studies. "But their points of advocacy are different. To be effective, 'peace studies' should look evenhandedly at the vital interests of not just one country, but of its adversary country or countries. Oftentimes that produces a very different mission than the mission of national security studies," he said.

Corporate Social Responsibility: To Whom And How?

Two business executives found themselves at opposite ends deciding what was the most effective route for corporations toward fulfilling their "social responsibility."

Herbert Schmertz, vice president of Mobil Oil Corporation, said that a good business climate benefits the general welfare. "I'm convinced that we must devise new ways to entice or make it attractive for corporations to engage in significant contributions to cultural and educational organizations. I would not like to use the word 'philanthropy' in connection with those contributions, however. I would like to really substitute the word 'investment' rather than 'philanthropy,'" he said.

Schmertz said such investments "will have a bearing on the well-being and success of the enterprise, and, let's face it, if the well-being and success of the enterprise are not going to be the result, then there's not going to be any money for giving, by whatever name you call it, investment or philanthropy." Schmertz cited in particular the growth of "cause-related marketing" as an investment many corporations are making that is partially philanthropic in nature.

In a starkly contrasting dissent, Peter Goldberg, vice president for public responsibility at Primerica, attacked corporate givers for not throwing their resources into lobbying for social programs that he said would benefit the poor.

"The vast majority of America's corporations were woefully silent as the Reagan Administration and the Congress chopped up the so-called social safety net. From this perspective, corporate philanthropy and participation in public-private partnerships would not have been so important had the public sector not tried to redefine and reduce its commitment to domestic programs," said Goldberg.

"The constellation of complex national issues we have to address, poverty, hunger, homelessness, unemployment, public education, dwarf the capacity of the private sector to respond," he said. Goldberg argued that business should not be satisfied with philanthropy alone, but should lobby government for those increases in revenue commitments. "It is not sufficient to put our money where our mouths are. Rather, we must be willing to put our mouths in the halls of government where the money and the responsibility for social problem-solving and domestic programs ought to be," he said.

Schmertz countered that Goldberg "was making a very eloquent plea for a very large tax increase" of business for the purpose of funding "large government programs" that haven't solved the nation's social problems. "It's my reluctant conclusion that poverty will only be solved by economic growth and by education," said Schmertz.

Goldberg replied that he didn't think "all federal programs have been a failure," adding: "What we [corporations] need to do is identify those government programs that have met needs, and pursue those aggressively and effectively. If we are concerned about public education in this country, it's a tragedy that Head Start is only funded sufficiently to enroll 40 percent of those kids who are eligible to be involved."

The conference will be airing soon on C-SPAN. Audio cassettes are available from Philanthropy *for $10 per set, and the edited transcript of the conference will be published in book form in 1988.*

Aaron D. Barnhart

Avoiding 'philanthropy-speak'

Midge Decter, in remarks at the Roundtable's conference, urges 'truth in giving' for grantmakers and recipients alike

The opening panel at the Sept. 22 Philanthropic Roundtable conference featured Midge Decter, executive director of the Committee for the Free World and a longtime observer of institutional philanthropy.

Every business or profession has its own lingo, not necessarily understood by outsiders, but full of resonances to the initiated. And the world of philanthropy is no exception.

Take, for example, the following grant descriptions, as reported by the Foundation Center. The first is a grant of $300,000 over three years made by the Carnegie Corporation to National Public Radio "toward coverage of Third World development."

The second is a grant of $220,000 worth made by the Ford Foundation to the Independent Commission on Disarmament and Security Issues of Sweden "for papers and meeting in New Delhi on regional security measures and United Nations peacekeeping, with emphasis on Third World regions."

These grant descriptions I chose at random. Anyone who reads the published reports of the Foundation Center knows that I could have picked hundreds and maybe thousands quite indistinguishable from them. I began with them because they seemed to me to be perfect examples of how "philanthropy-speak" works when it comes to grantmaking in the field of public policy.

How do you know, for of course you do, that each of these enterprises has a marked and recognizable political stripe? That it is, to be blunt, a left-wing project?

Take the $300,000 awarded NPR. National Public Radio is, on the face of it, a worthy public project. Third World development, while admittedly not exactly sexy radio fare, is certainly an important public subject. But people familiar with the proclivities of the grantee, as well as with the special philanthropic connotations that have built up over the years around the term "Third World," will be safe in assuming certain things about this particular use of the late Mr. Carnegie's money.

Such people will take for granted (please pardon my pun) that the radio series will carry little discussion of any substance or complexity about what are known by now by everyone across the political spectrum to be the *real* requisites of development, including individual liberty and the play of market forces. They can be assured that countries like Taiwan, Singapore, South Korea, which are all miracles of development, will not be included in the category *Third World*. And they will be pretty much able to guess just which large industrial nation on the North American continent will in the end be held responsible for "Third World poverty."

As for the second grant, a Swedish Disarmament Commission conference: the particular combination of grantee, topic, Swedish disarmers and UN peacekeeping, in *New Delhi* of all places, means that one could sit down and write that whole $220,000 of papers with one's eyes closed and one's hand tied behind one's back. Including, of course, that one lonely "militarist" invited to give the conference scholarly weight and "objectivity."

Why can we be so sure of these things? Because public policy philanthropy has become a culture, a culture whose mainstream is dominated by its giants, like Ford and Carnegie and Rockefeller. And like any culture, this one offers a vast wealth of unspoken implicit messages to its members by means of a kind of shorthand of words and assumptions. Philanthropy-speak.

You might ask me, "So what?" Everyone has prejudices. Everyone has politics. Why pick on these? My answer to that question is twofold.

First, the euphemisms of left-wing philanthropy-speak, like all euphemisms, serve the purpose of concealment. Thus, major grantees and grantors alike attempt to protect the public from the unpopular and unpleasant fact that they mainly operate from a singular political bias, and that with rare exceptions, the direction of this bias is due left. I do not mean to imply by this that there is some conscious conspiracy. On the whole, it is probably unconscious and instinctive. But to conceal its own very partial purposes it clearly is meant to do.

Now I am not speaking here of outright left-wing foundations like the Field Foundation or the Samuel Rubin Foundation, but precisely what I call mainstream foundations which, without admitting it or declaring their special interests, have swallowed whole the attitudes of the "adversary culture."

When a consortium of major foundations and some minor ones organize themselves to collaborate in funding projects to enhance "peace," as they did a couple of years ago, it was understood by all, and surely by everyone in this room, that they did not mean by this anybody's idea of "peace," not my idea of peace, or Ronald Reagan's idea of peace, or what might *enhance* peace. On the contrary, it was clearly understood that they simply meant studies of and lobbying for unilateral disarmament by the United States.

So the general practice of concealment is one part of my answer to the question, "So what?" Concealment is in itself a bad thing, especially in the public arena. Deception is perhaps a strong word, but let's use it. Concealment bespeaks deception. And deception is something that not only used to be considered wrong, but just by its very existence, it is something that leads to public confusion and demoralization.

The other part of my answer has to do with the substantive nature of what is being concealed, which is an automatic and mindless adversarial relation to the interests and security of this society. A mindless adversarial

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Evaluations: What to look (and look out) for

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a good one. Probably so sometimes, but the most interesting projects often are those that changed goals along the way, and maybe assumed a wholly different shape, because the investigators found something new, unexpected, and exciting. I am more interested in what the grantees learned than in whether they met some goals enunciated in advance and possibly inflated.

5. Counting heads is not enough. Faced with the imprecision of his assignment, the evaluator is often tempted to settle for counting things up: how many people attended this foundation-supported conference or workshop, how many visited this museum exhibit, how many watched this program on public television, how many copies of this article or book were distributed (it's better not to ask how many were sold), how many inquiries were received in response to this new service, how many students enrolled in this new course? Such numbers can help, but their significance is hard to measure, and they reveal little about *quality*, which is what I am mainly interested in.

6. "Public policy" programs are a special problem. Evaluations rarely yield definitive conclusions in any field of foundation work, but those in that broad arena called public policy will frustrate a foundation that keeps asking what difference its grants make. Programs that aim to influence lawmakers (through education, of course, not lobbying) or other important people, or to inform an often ill-defined public, deal as they must in ambiguity. If you insist that your public policy grantees prove their effectiveness, you ought to define together what you mean by proof.

7. Recognize before you begin that evaluation is all pretty much in the eye of the beholder. The importance of a foundation's programs, the wisdom of its grants, the perspicacity of the foundation's trustees and staff: such matters do not lend themselves to exact evaluation. Documents without end can be examined and individuals of many kinds can be interviewed. But a foundation, unlike a profit-making enterprise, is not subject to any kind of market test. There is no "market," no bottom line.

In place of the judgment of the market, there are the stated intentions of the foundation together with its often unstated assumptions. On the part of its "customers," the grantees, there are studies and reports, books and journal articles, conference proceedings, new courses of study, impressions, claims, testimonials, pronouncements ... but very rarely is there hard evidence of success. Which is just another way of saying that the evaluation of a foundation program is, in the end, a matter of opinion.

That shouldn't be cause for despair. Outside evaluations, when done by an individual of seasoned experience and judgment, can be a great service to a foundation committed to effective philanthropy.

James Koerner is a consultant to a major New York foundation.

Promoting freedom, growth around the world

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and stability of broadly defined representative institutions, private as well as public. What would an independent press, free and responsible universities, functioning professional organizations, a sensible market economy, and multiple centers of legitimate political authority look like, adjusted to the circumstances of some significant foreign country? How can such institutions be encouraged? What habits and opinions, what character and judgments, underlie them? Different grantmakers are expert in different sectors of society, but a suitably adjusted model of healthy institutions within a liberal democracy should be the common guide to the strategy I have outlined.

We should of course remember that even if all these public and private efforts were tried and had some success, the millenium would not be upon us. There are now, and in practice always will be, differences among countries: geographic, economic, political, religious, ethnic and more. Increased similarity among institutions, and the greater understanding this similarity both engenders and benefits from, will not eliminate these differences. Indeed, the prudent conduct of foreign affairs surely requires that we recognize the intractable. But it also requires that we recognize the possibility of improvement, and it is from this possibility that an intelligent international educational and cultural effort overseas takes its bearing.

Mark Blitz is associate director in charge of the Bureau of Educational and Cultural Affairs of the U.S. Information Agency in Washington, D.C.

Allan Bloom / Chester Finn / Herbert London / Quentin Quade

The Roundtable in Chicago Jan. 7 (see p. 15)

Competitiveness and 'social responsibility'

Global markets will change corporate giving, argues **Paul Weaver**

In a book sure to create a storm of controversy when released in January, writer Paul Weaver argues that for years American corporations have supported public policies and business practices which, in the long run, are self-destructive. Philanthropy *asked Weaver to assess what implications his thesis might have for corporate philanthropy.*

In the global marketplace, American companies either compete or get out of the business. There is no third alternative. Our politics ensures that no entitlement will be sufficiently massive, long-lived and unconditional to neutralize the effects of the marketplace indefinitely. The landscape is littered today with companies whose sad stories show how entitlements not only don't help but make a competitive disadvantage worse.

Corporations finally are beginning to understand that competition is not only good for business, but what's good for business is also good for the general welfare. In a global marketplace, American companies that succeed reap rewards for Americans.

Realizing this, corporations will need public policies that support and assume competition. They will need a public that understands the nature of business's environment and companies' need to respond to it. Perhaps above all, they will need to have executives who grasp the logic of the marketplace and are eager to communicate it to the public and to policymakers.

Capitalist corporations will find it in their best interest to support policies that strengthen markets and oppose policies that weaken or fly in the face of markets. Rather than accommodate others in an effort to get subsidies, protection from competition, and other business advantages (as has happened before), corporations will seek mainly to reduce the competitive risks created by arbitrary, anti-market public policy and to promote policies that improve markets and make companies more efficient. Instead of supinely going along, corporations will oppose policies that go against its interests and will promote policies that help them and let the political chips fall where they may.

Such developments will wind up actually promoting corporate giving. But its appearance will be substantially different from its present form. In practical terms, corporate grantmakers will begin redirecting their funding to reflect global competition and the need for robust American enterprise. Above all, corporate grantmaking will be moved by the realization that the best welfare plan is a strong, unencumbered marketplace.

Business should be scrupulous not to give money to groups or causes that are hostile to market capitalism. In a free society, such groups have a right to exist and make an important contribution to public discussion. But corporate grantmakers should not support them.

Instead, corporate giving will increase to recipients that defend the principles that built the corporation. The first principle of the corporation should be the primacy of the shareholder interest in its full breadth and complexity: not merely the interest in profit, nor in the share price, but that everything is done in the well-being of the institution of private ownership.

Corporate donors will need to increase support to free-market policy discussions. Working through business groups and think tanks, corporations will converge on articulating the long-term interests common to many companies. They will have to participate in policy discussions themselves, using language that is clear and sharp, conveying passion, conviction, and earnestness rather than caution or sophistication. Capitalist corporations will need to speak as if they're more interested in their views being heard than in being on the winning side.

The notion that "corporate social responsibility" means sponsoring government welfare programs will disappear. In its place will come a genuine endorsement of capitalist principles that will allow competitive businesses to benefit everybody. Such principles will prove more "socially responsible" than any entitlement program. A capitalist corporation that gives out of a sharpened sense of self-interest will be a better, more thoughtful producer, employer, neighbor, and citizen.

Paul Weaver is a former editor of Fortune *and corporate executive. His book,* The Suicidal Corporation, *will be published by Simon & Schuster in January.*

Many of the nation's foundations were bruised by the stock market's 508-point plunge on Oct. 19, but none anticipates short-term cutbacks in gifts.

Duly noted ...

The optimistic outlook, expressed in interviews last week, is due in most cases to the diversification of investments and the making of astute post-collapse moves. As a result, foundations appear to be gaining back some of the losses.

Several days after the collapse, the Ford Foundation, with current gifts totalling $200 million a year, made stock market moves that gained back half the losses, according to John W. English, vice president and chief investment official.

The Ford Foundation is somewhat typical of other foundations, a check showed. Many reduced stock holdings in the weeks or months before the fall in the belief that the bull market was due for a plunge.

UPI report, Washington Post, November 2, 1987.

Better private initiatives will reduce child abuse

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way to achieve a lasting expansion of services is to increase the capacity of existing agencies through incremental funding.

Be wary of requests to fund "demonstation" treatment programs for abusive parents. Unfortunately, such demonstration programs are a costly and often counterproductive duplication of pre-existing services. Almost invariably, they last only as long as special funding is available. They spend an inordinate amount of time getting started, finding clients, and winding down. Most importantly, they hold out the implicit promise of a quick cure for parents when what is needed are long-term, intensive services. Too many end up "coordinating" the services of established agencies, thus creating interagency antagonisms and discouraging other community-based agencies from becoming involved with abusive families.

6. Support efforts to focus more services on abused children. Many abused children desperately need therapeutic services to compensate for parental deficiencies or to remediate the harm done by past maltreatment. These services include quality infant stimulation programs, Head Start, therapeutic day care, homemaker care, early childhood or child development programs, nutritional services and youth counseling programs. Few child protective programs now offer such services in sufficient amount or quality.

The extent to which child protective agencies, even with relatively unlimited funds, ignore the basic emotional needs of maltreated children was documented by the evaluation of the first round of federally supported demonstration child abuse projects. It found that while most maltreating parents received psychological assessments and special treatment, less than 10 percent of the maltreated children received developmental assessments, and almost none got any remedial treatment. Connecting child protective agencies to child-oriented treatment services needs to have the highest priority everywhere.

Private philanthropy cannot correct all the problems facing the nation's child protective agencies. But through strategic financial support, it can provide leadership to sharpen skills, broaden capacities, and foster innovation: a key role in what should be a public-private partnership to protect abused and neglected children.

Douglas J. Besharov is a Resident Scholar at the American Enterprise Institute. From 1975 to 1979 he was the first director of the U.S. National Center on Child Abuse and Neglect.

'Truth in giving' cures 'philanthropy-speak'

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relation that passes itself off as disinterested investigation and scholarship.

American foundations have become a powerful cultural force in this society, and over the last 25 years have overwhelmingly become a force for spreading the attitude which is largely unspoken: that whether in the field of fighting poverty or securing justice or understanding the nature of the world and the U.S. role in it, intellectual and social virtue resides only on the Left. That is, virtue resides in the assumption that behind every single problem to be dealt with lies some terrible failure of the American system itself, and usually, the heartless venality of the managers of that system.

Aside from the fact that all this leads to the highly unedifying spectacle of a huge body of wealth biting the hand that once created it, the assumptions of philanthropy-speak serve to prevent us as a culture from getting one single step closer to truth and reason. And in many important cases takes us further and further from them.

I am not suggesting that the leftward bias should be supplanted by an opposite degree of bias on the other side. I am suggesting that, as a first step toward restoring genuine pluralistic thought and effort to public policy philanthropy, America's foundations pledge themselves to a new standard. Call it "truth in giving."

Suppose National Public Radio said to the Carnegie Corporation, "We want $300,000 to do a series on how American business and the United States government have been working hand-in-glove for more than a century in order to impoverish the countries of Africa and Latin America to enhance American imperialism." Suppose that Carnegie then announced the grant in those terms. The public would know where things stood. It would know what it was hearing over that radio, and it would know as well what Carnegie was helping to create. And so Carnegie would be forced to know what it was helping to create.

Giving things their proper names, whether in public life or in private, is always the beginning of good health and effectiveness. In the field of philanthropy, giving things their proper names, both by grantors and grantees, would make it clear just where and to whom the money goes. Such clarity would be breath of fresh air. It would, in my opinion, also result, sooner or later, in a new philanthropic pluralism, a pluralism of ideas and attitudes that would far more closely reflect the social, ethnic and political pluralism which both uniquely characterizes and is the unique glory of this very complicated and blessed society.

Midge Decter is executive director of the Committee for the Free World in New York City and a board member of the Institute for Educational Affairs.

Turning good ideas into solid programs

The Roundtable's Project Development Service can help

While the bicentennial of the United States Constitution meant gala celebrations to many Americans, it had the potential to be a philanthropic headache to many foundation and corporate grantmakers in the Constitution's hometown.

The SmithKline Beckman Corporation, for one, wanted to contribute its share to the festivities. But the Philadelphia-based pharmaceutical manufacturer also wanted to use the anniversary to help remind Americans about the Constitution's historical and philosophical roots. What should it do?

As a member of the Philanthropic Roundtable, SmithKline Beckman was able to draw on the resources of a number of distinguished scholars and experienced grantmakers to design a project that met its objectives. Following discussions with the head of the company's foundation, Roundtable staff arranged for a survey of the nation's leading law schools, which revealed that few of them offered any courses on the history and philosophy of the Constitution. Instead, the study of Constitutional law amounted to a review of important court cases, mostly since the late nineteenth century. As a result, future lawyers (as well as many future leaders of business and government) learned a great deal about what judges thought about the nature and purposes of the Constitution, but little at all about what the Founding Fathers had in mind. Except for the relatively small number who had studied them as undergraduates, most students left law school with little exposure to the great ideas and debates that shaped the Constitution and have given it vitality to the present day.

These findings have led to the creation of the SmithKline Beckman Bicentennial Awards in Legal Education. Next April, following a nationwide competition, a distinguished panel of legal experts will choose up to five winning proposals from law schools that wish to add courses on the history and philosophy of the Constitution to their curricula. Each will receive grants of up to $25,000 to help them do so, with the expectation that the courses would be offered regularly in the future, if they are successful. The courses will also be publicized as models for other law schools.

By establishing this competition, the SmithKline Beckman Corporation was able to translate its own interests into effective programming. That's project development and it's one of the services all Philanthropic Roundtable members can take advantage of.

Whether you're interested in studies and conferences or finding new approaches to health care and helping the disadvantaged, the Roundtable can help you generate programs that meet your needs. With our extensive resources in philanthropy, the academy, and public affairs, we can call upon reliable experts and experienced practitioners in most fields of interest to grantmakers. We can also identify other grantmakers in the Roundtable who might be interested in collaborating. And we can take a project from a gleam in someone's eye until it is ready to stand on its own or within an organization able to run it successfully.

Do you have an idea for a project and would like assistance in developing it? Call us. Like other Philanthropic Roundtable activities, the Project Development Service is free to members.

Join the Philanthropic Roundtable

This issue of *Philanthropy* is just one of the services the Philanthropic Roundtable provides to its membership of 100 corporate, foundation and individual grantmakers. We also offer to our Roundtable membership:

A *clearinghouse* of information on effective projects and people working on a wide range of topics;

Conferences with in-depth discussion of topics of special interest to grantmakers (see page 15);

Special studies that examine important philanthropic issues;

A *personnel service* to help identify and train fresh-thinking candidates for grantmaking work; and

Project development assistance that helps Roundtable members examine their own programs, or build new ones (see article above).

Join us. *Membership in 1987 and 1988 is free to interested grantmakers.*

Clip and send this to Philanthropic Roundtable, 1112 16th Street NW, Washington DC 20036.

[ ] Yes, I want to be a member of the Philanthropic Roundtable. *Membership is free to interested grantmakers.*
[ ] Please send me more information about the Roundtable.

Name/Title: ______________________________

Affiliation: ______________________________

Address: ______________________________

Briefly: Squeaky wheels and corporate giving

Why does a corporation that manufactures aerospace and defense products give money to an organization that regards "military contractors" as a key *obstacle* to peace? Or an insurance company assist a grassroots group that promotes *increased* government regulation of credit and underwriting practices?

Those are some of the questions raised by a new study of business contributions to charity, *Patterns of Corporate Philanthropy: Public Affairs Giving and the Forbes 100,* by University of Texas professor Marvin Olasky. Using a technique developed by liberal raters of corporations such as the Council on Economic Priorities, Olasky judged the 100 largest-selling companies according to how much support they provided in 1985 to organizations which advocated pro-business policies. Of those for which adequate information was available (about half), contributions to anti-business groups outnumbered those to pro by two to one. Although there were a number of conspicuous exceptions (such as the Chase Manhattan Bank and Procter & Gamble), the general tilt was clearly "left-of-center."

While part of this pattern may reflect personal connections or political convictions, the major factor, Olasky suggests, is a desire to appease potential critics. Most of the companies in the survey were not "ideologically consistent," but instead often gave simultaneously to organizations which stood for opposing views. "Some particularly aggressive and vocal organizations," Olasky infers, "are supported in the hope that they can be co-opted or placated." Put another way, the grantmaking philosophy embraced by these corporations seems to be that the squeaky wheel should get the most grease. Although some may quarrel with this conclusion, as well as the data and classifications upon which it is based, this study is probably as valid as those that have accused companies of insufficient "social consciousness" in their charitable giving. Moreover, it suggests a testable measure of the effectiveness of such giving: does the wheel stop squeaking? If the answer is "no," another philosophy of grantmaking would seem to be called for. And if it is "yes," we will have learned something rather important about the sincerity of many corporate critics.

(Copies of Patterns of Corporate Philanthropy *can be obtained from the Capital Research Center, 1612 K Street NW, Suite 602, Washington, DC 20006.)*

Report asks: what do 'needy children' need?

It's now been nearly five years since the National Commission on Excellence in Education issued its warning that the United States was "a nation at risk" because its school system had fallen into disrepair. Other reports followed and have even been taken to heart, launching an unprecedented wave of educational reforms. School curricula are being strengthened, standards of achievement raised, and greater accountability demanded of principals and teachers.

All this has caused some to worry that one group of children is being left out. "Although much has been written on the need to improve our education system," a task force of a major business organization, the Committee for Economic Development, observed, "recent reform efforts have largely bypassed the problems of the educationally disadvantaged: the 30 percent of children facing major risk of educational failure and lifelong dependency." Its report, *Children In Need: Investment Strategies for the Educationally Disadvantaged,* went on to call for an extensive set of special services to deal with these problems. A Connecticut grantmaker, the Annie E. Casey Foundation, also recently announced a new $100 million program to help "children at risk."

To anyone familiar with past efforts, none of what is being talked about now will seem particularly surprising. The CED report, for example, recommends early preschool education, increased parental involvement, compensatory reading and mathematics lessons, smaller classes, counselling and work-experience for potential drop-outs, and specially trained teachers and principals, among other measures. It also emphasizes the importance of forging coalitions of business, civic groups, government, parents and educators to mobilize community resources for dealing with the disadvantaged.

Most of these ideas have been tried at one time or another with, at best, mixed results overall. The CED report points to a number of efforts that appear to have been successful; however, two decades of educational research have revealed many more that had little or no effect. In general, the problem has been that a program which works in one place is hard to duplicate elsewhere. And once a group of students leaves a special program, any gains they may have made rapidly dissipate as they continue in school.

Perhaps, as the CED report suggests, what's needed to overcome these limitations are more comprehensive (and costly) strategies, targeted on the disadvantaged. But our experience also leads in another direction.

If "children in need" typically lose most of the benefits of special programs not long after they're out of them, the wisest strategy may not be to add more such programs, but to change what is happening in the regular curriculum. Although remedial measures may still be important for many youngsters, what needy children most need may be what every other child needs: better schools.

Thus, far from "bypassing" the problems of the educationally disadvantaged, the current reform movement may be doing more to help them than anything else. And corporate and foundation grantmakers concerned about these children might be better advised to concentrate their resources on sustaining it.

Improving higher education

What's philanthropy's role in making higher education better? Come find out in Chicago at our next Roundtable conference

Giving USA 1986 reports that foundation, corporation, and individual gifts to colleges and universities topped $3.4 billion. Grantmakers give more to higher education than any other single area. And yet discussions within philanthropy about higher education often exclude the growing public concerns that have arisen about many of the nation's colleges and universities.

Are these new criticisms valid? And if they are, what is philanthropy's role, if any, in improving higher education? The Philanthropic Roundtable tackles these questions at its next conference January 7, 1988 in Chicago, Illinois.

Distinguished speakers on higher education will offer wide-ranging (and often differing) views on how grantgiving to our nation's colleges and universities can be made even more effective. It's a unique opportunity for the philanthropic world to discuss the future of its number one grant recipient with experts from the academy, public affairs, and philanthropy itself.

Plan now to join us in Chicago January 7 for an informative and lively discussion about how grantmakers can help improve their own giving, as well as their largest beneficiary: higher education.

What's on tap:

Where: Chicago Club, 81 East Van Buren Street, Chicago, Illinois

When: 9:30 a.m. to 5:30 p.m. (registration 8:30), January 7, 1988

Morning Panel: *"Is There A Crisis in Higher Education?"*

Luncheon: Allan Bloom, University of Chicago, best-selling author of *The Closing of the American Mind*

Afternoon Panel Discussions:

"Accountability and Productivity"

"Effective Grantmaking in Higher Education"

Speakers (partial listing):

Edwin J. Delattre, Ethics and Public Policy Center, former President, St. John's College of Annapolis

Chester Finn, Assistant Secretary of Education, co-author of *What Do Our 17-Year-Olds Know?*

Herbert London, Dean, Gallatin Division, New York University

James Piereson, Executive Director, John M. Olin Foundation

Quentin Quade, Executive Vice President, Marquette University

Registration fee includes materials, continental breakfast, lunch, and reception following afternoon panels.

Yes, I'm interested in giving more effectively to our nation's colleges and universities.
Please register me for the Roundtable's Jan. 7, 1988 conference, "Improving Higher Education."
I enclose $75 registration fee.

Name / Title ______________________________

Organization ______________________________

Address ______________________________

Mail to Philanthropic Roundtable, 1112 16th Street NW, Washington DC 20036.

Evaluations: What one foundation learned

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that purpose has been reflected in the grants made over the years, and what the results of these grants have been. In other words, an evaluation should consider *ideas* as well as processes. While this may be painful for a foundation to undergo, it will help a foundation develop a full picture of its effectiveness.

The J.M. evaluation was performed in two phases. An historical analysis summarized the purpose for which the foundation was created and the programs that were carried out as a result. A second phase, an external "market analysis," sampled the foundation's primary fields of interest to determine effectiveness as perceived by those whose opinions make a difference to J.M.: their own board and staff, grantees, non-grantee organizations and individual leaders in health, welfare, and education.

Both the evaluators and the foundation's staff reviewed these historical data, and collaborated (that in itself a significant feature of this evaluation) on a 50-question Market Analysis Survey given to 234 respondents. These survey respondents were gleaned from a sampling universe of organizations and individuals in J.M.'s fields. The Survey's purpose was to determine what J.M.'s peers thought effective philanthropy meant in general, and if J.M. was effective in particular.

Once compiled into draft form, this evaluation report was then reviewed by six experts having no previous professional exposure to J.M. All six came from J.M.-related professions: health, welfare, education, or philanthropy itself.

The first phase produced wide agreement about the intentions of J.M.'s founder, Jeremiah Milbank Sr.: that of "healing people whose bodies and lives were in need of being returned to their maximum potential." There was further agreement that Milbank "applied this same conviction and concern to his country's political process." Accordingly, the second phase of the study confirmed that J.M. has traditionally had two distinct constituencies: those involved in "health, rehabilitation medicine, medical research," and similar activity; and second, "all those involved in public policy," particularly that sector which "sees traditional values, education, and the free enterprise system, in that order, as the things most deserving of charitable donations." The constituencies often credited J.M.'s influence with improving the work of their grantees in both major areas.

Yet the report also found that these two constituencies rarely communicate, either within each constituency or between the two. "Most constituencies simply are too wrapped up in what they are doing on a daily basis to spend time learning about another group," the evaluators concluded, adding that integrating health concerns with policy concerns could reap large benefits for everyone involved. As a result, one of the most important of the 28 recommendations in the evaluation's final report was that J.M. decide whether or not to increase substantially its efforts to inform its health constituency of the findings produced by its public policy constituency, and vice versa. "Philanthropy will benefit enormously from this [shared] knowledge. J.M. has the choice to consider bringing these two communities together," said the report.

From the evaluators' standpoint, was the evaluation worth it? Was it worth J.M.'s effort, and can it be worthwhile for other foundations. Yes, so long as the evaluation goes beyond merely assessing the procedures and looks at the substance of the foundation's activities. As the above findings demonstrate, we could not possibly have discovered J.M.'s best opportunities to be more effective had we simply examined the machinery and not the ideas that drove the motor.

Robert E. Russell Jr. is president of Robert Russell and Associates in Hillsdale, Michigan. For more information on the J.M. evaluation, just call or write Philanthropy.

How it affected J.M.

By Jack Brauntuch

In May 1984 at the suggestion of J.M. Foundation President Jeremiah Milbank Jr., the Foundation's directors authorized a 10-year retrospective look at the Foundation's activities. What started with a few "simple questions" eventually grew into a comprehensive review of internal operations. In the beginning even some of our closest associates were skeptical. A colleague asked me confidentially, "Jack, who are they (the board) trying to get rid of?" My answer, of course, was nobody. But we and Robert Russell increasingly became aware of the need to integrate our historic interest in funding creative leadership in the field of rehabilitation with the emerging needs of an ever-changing nation. Russell and Associates found that between 1981 and 1984, we doubled our payout and increased the number of grants paid from 64 to 135, possibly affecting our ability to monitor the impact of our grants program. We decided to reduce the total number of grants paid (to 100 in 1987) and increase amounts correspondingly.

Throughout the evaluation, there was a general consensus that one of the foundation's greatest strength is the degree of personal involvement and commitment by the board and the working relationship between the board and staff. When the issue of board continuity was raised by the evaluation team, the directors authorized a strategic plan which provides for a larger board, ensures continuity of family involvement, and outlines a projected timetable for implementation. Such issues can be troublesome for any organization, but communication and trust developed on a daily basis greatly reduces the likelihood that honest disagreement will result in discord.

Jack Brauntuch is executive director of The J.M. Foundation.