The Continuing Relevance of Foundations

Philanthropic foundations have just undergone three days of hearings by the Oversight Subcommittee of the House Appropriations Committee, chaired by Representative Charles Rangel. Neither the atmosphere nor the substance of the discussion bore any resemblance to past inquiries when such foes as the late Wright Patman or B. Carroll Reece seemed bent at times on doing away with the very notion of using private money for public purposes through the device of the foundation.

Today’s less threatening situation derives in part from improved foundation behavior since 1969, some of it mandated by the legislation that grew out of hearings that year. More foundations, including most large ones, now publish full reports on how they have spent their money; all foundations must provide expenditure and other information to the Internal Revenue Service, which in turn makes the data available to the Foundation Center library system, through which the public may consult them. All foundations are required to spend annually at least 5 percent of the value of their assets on philanthropy; the scandal of a few foundations enriching their directors or trustees but spending little on philanthropy thus no longer provokes the righteous wrath of Congress.

Another reason for a more benign atmosphere may be that foundations no longer seem like big game to congressional hunters. Their resources have been seriously eroded by inflation, and the growth of government spending in virtually all fields of interest to foundations has reduced their role to that of a junior partner. Long gone are the days when Wycliffe Rose could dream of the Rockefeller Foundation carrying scientific education and research to all corners of the earth, or when the Carnegie Foundation for the Advancement of Teaching could undertake to reform all of American higher education, using its provision of pensions for faculty as leverage.

Even if the glory days are irrevocably gone, however, there remains much that private organized philanthropy can do. Foundations still enjoy some potential advantages over other funders. They are better able to enter a given field of endeavor selectively than is government, which generally finds what it does for one it must do for all. For foundations, unlike corporations, philanthropy is their central purpose, their raison d’être, and they need not justify their grants to shareholders. Unlike most individual philanthropists, foundations can readily investigate a problem, using their still considerable ability to convene the relevant expertise (and to know where that expertise is to be found) or to commission study papers. They can take the time and exercise the patience to approach new initiatives thoughtfully—which is not to say that they invariably do so, of course. Foundations have never fully figured out how to evaluate results of their work, but at least they can try, and their political problems in doing so forthrightly and comprehensively ought to be fewer than those faced by government. To the extent that foundations can evaluate not only their own work but that of government, they have opportunities to influence the nation’s agenda and to provide a service to the public that others are not likely to provide.

None of this requires omniscience on the part of foundations. But it does require clearheadedness about what philanthropy can and cannot do in this era of big government and big science, of enormous change and formidable challenges to human capacity. It requires the ability to resist fads and to eschew institutional vanity—abilities not yet universal in the foundation world but surely attainable. And it requires that foundations listen creatively, that they be receptive but not passive, as they strive to fulfill their unique role. —RICHARD W. LYMAN, President, The Rockefeller Foundation, 1133 Avenue of the Americas, New York 10036
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