

The View from 1313

A PRESENTATION TO THE CHICAGO GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

by William Schambra

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For those of you who are champions of strategic philanthropy – and I suspect there are more than a few of you here today – the Center for Effective Philanthropy’s report “Beyond the Rhetoric” must be pretty depressing.

Phil Buchanan [president of CEP] set the bar for strategic grantmaking as low as he possibly could. To meet his standard, a foundation must simply be focused on external changes – as opposed to rearranging the office furniture, presumably – and it must assert a “hypothesized causal connection” between foundation grantmaking and goal achievement. That’s it.

But even with these bare minimum requirements, only about a quarter of respondents to Phil’s survey qualified as strategic grantmakers. And this, mind you, is in a sample of foundations that are among the nation’s largest, and sufficiently confident in their grantmaking prowess to open themselves to this kind of examination.

There is, perhaps, no place in America more appropriate for contemplating the melancholy state of strategic philanthropy than the city in which where we’re gathered today.

Just a few miles from here down Lake Shore Drive, on the south side of the Midway, there stands a Gothic building completed exactly seventy years ago, at 1313 East 60th Street. Today, “1313,” as it became known, belongs to the Chapin Hall Center for Children. But when it was built in 1938 – as, incidentally, the first air-conditioned building at the University of Chicago – it was a veritable monument to strategic philanthropy.

“1313” was the brainchild of U of C scholar Charles Merriam, who had also been a city alderman and twice a mayoral candidate. Merriam had become a trusted adviser to the Rockefeller philanthropies in the 20s and 30s because they shared a deep belief in the possibility of transforming society through grantmaking that reflected Phil Buchanan’s “hypothesized causal connections.”

As opposed to charity, which merely dealt with superficial symptoms, the new concept of philanthropy – it would only be redundant to call it *strategic* philanthropy – would be anchored in the new sciences of society like sociology, psychology, and public administration. As their “scientific” designation suggests, they reflected “hypothesized

causal connections” so promising that they would ultimately lead us to understand the most compelling, *root* causes of our problems.

These new sciences were to be developed and taught at new think tanks and research universities then being erected with extensive funding from the Rockefeller, Carnegie, and Russell Sage Foundations. Entire new elite professions of scientific public management would emerge, which would gradually take public affairs in hand, reshaping them according to rational, objective, expert standards.

“1313” was at the heart of this enterprise. It stood across the street from the University of Chicago, the nation’s foremost laboratory for the social sciences, funded for precisely that purpose by John D. Rockefeller. “1313” was also built by Rockefeller at Merriam’s behest, in order to collect in one place the headquarters of the new professions that reflected Chicago social science.

At its height, it would house some 22 public administration associations, including the American Public Welfare Association, the Council of State Governments, and the American Society of Public Administration. From those associations, in turn, would flow the trained professionals who would advise and staff the massive federal alphabet agencies spawned by FDR’s New Deal.

Merriam, who became one of FDR’s key advisors on national planning, and his new building at 1313, thus symbolize the powerful interconnection of social science, universities, public service professions, and the actual practice of governing itself – at the center of which stood American philanthropy, with its new strategy of giving reflecting hypothesized causal connections. Strategic philanthropy, understood as taking ideas from causal hypothesis to the passing of laws, surely reached its high water mark at 1313 East 60th Street.

That’s why Chicago is such a perfect place to reflect on the sad, decrepit condition of strategic philanthropy today – a condition in which only one-quarter of surveyed foundation personnel could describe their work using *any* sort of hypothesized causal connections, much less causal connections that might reach to the roots of our problems.

How did we manage to fall so far from 1313’s ideal? The reasons are familiar to you all: instead of a handful of closely knit foundation leaders calling the shots for American philanthropy, we have tens of thousands of foundations, reflecting a bewildering diversity of means, ends, and notions of how to connect them. Universities and nonprofits no longer look to philanthropy for guidance or major funding, but instead generate it themselves through fees, or through grants and contracts from government.

Indeed, government at all levels has grown enormously and dominates the landscape of virtually every public policy issue. The policy scene consequently is awash with vast, entrenched, bureaucratic institutions, vigilantly guarding their turf, and more or less impervious to exhortations from foundations to coordinate or collaborate or otherwise reform their ways.

Finally, and perhaps most important, few today have faith in a unified, coherent, rational, scientific approach to public policy. The very notion that we can determine true causality in social affairs, much less manipulate it for better outcomes, is a deeply disputed notion throughout the social sciences.

For those who persist in the enterprise of postulating causal connections, they will find that there are hundreds of conflicting methods for gathering and measuring the results thereof. There is no single, coherent framework for collecting and comparing the results of our hypotheses. But that is, after all, the only reason for postulating them in the first place – the only way to build anything like a true science.

In short, foundations today tend to be bit players on the American policy scene, drastically diminished in influence, disorganized, dispirited, and lacking a common vision or intellectual framework for assessing their effectiveness.

In light of this, I think we have to understand strategic philanthropy in a radically different way. Of course foundations need to specify missions and goals for themselves. But I think it's a serious error to be too specific or detailed in advance about the strategies needed to reach them. It is wildly unrealistic to postulate a theory of change and expect anything like its typically complex, fragile chains of cause and effect to play out in real life.

As the experts say, there are simply too many “exogenous variables.” The social landscape today is just too complicated, too cluttered with other actors which have far more impact on the outcomes than do foundations.

What foundations *can* do, I would suggest, is to be serious, quiet, attentive students of their surroundings, watching carefully for opportunities to enhance slightly the trends that they applaud, and diminish slightly the trends that they deplore.

That modest, humble goal is the best that foundations can aim for today. The premise must be that the primary drivers of social action will always be others, who are open to influence only in the rarest and most fleeting of circumstances. Even then, the impact of foundations will be slight, and probably not at all clearly attributable to philanthropic intervention.

Let me give you an example, drawn from conservative philanthropy where I've spent some time. The conservative foundations – Bradley, Olin, Scaife, and several others – are often held up as examples of strategic philanthropy, successfully and single-handedly creating a political movement that managed to capture – or steal – the national policy agenda. In other words, the conservative foundations surely give the lie to my argument for philanthropic modesty and humility.

That's absurd, of course. Operationally, the conservative foundations did nothing other than to replicate on the right the various policy institutions that had been established on the left by the progressive foundations a century earlier.

The new conservative institutions, in turn, did not *create* political change, but merely capitalized on the political turmoil that American liberalism brought upon itself during the 1960s and 1970s, as LBJ's Great Society provoked fierce resistance from both the New Left, on the one hand, and George Wallace's blue collar, white ethnic voters, on the other.

To be sure, here and there and at particularly critical moments, the conservative intellectual apparatus contributed a key study or funded an important legal case or held a useful conference. But the foundations mostly stood back and watched for opportunities presented by events driven by others, rather than trying to force circumstances by detailed strategic planning.

This approach – watching for opportunities to make small differences – applies not just at the grand policy level, but at the grassroots level as well. Here, I heartily recommend a new book entitled *Grassroots Philanthropy*, written by Bill Somerville, founder of Philanthropic Venture Initiatives in San Francisco.

Rather than having the experts at foundation headquarters draw up a grand strategy for transforming a neighborhood, he suggests, it would be far wiser for the philanthropist to get out of that comfortable chair in the foundation office and spend most of her time quietly and discretely poking around the neighborhood.

The point is to find the unsung community leaders who have particular, concrete ideas about how the neighborhood can be improved, and who can do a great deal with a small grant at a particularly critical place and time.

These small, quiet interventions certainly don't add up to a coherent, unified strategy. But they do modestly enhance favorable trends and diminish unfavorable trends in the manner appropriate to the status of foundations as relatively minor players among other, more important players.

The additional virtue of this approach is that it opens itself to the civic engagement of citizens who have otherwise often been marginalized by the larger social policy actors, and thus helps meet the pressing national need for democratic renewal.

In this more humble conception of grantmaking, foundations accept the ebb of the strategic philanthropy tide well back from its high-water mark at 1313, and embrace a much more modest role as one, severely diminished public actor among many.

Is philanthropy likely to adopt this more modest role for philanthropy? Well, most foundations already have, judging from Phil Buchanan's survey. But the largest

foundations and philanthropic associations are run by professional hypothesis-postulators, and they will refuse to be humbled.

Frustrated by the new external realities of philanthropy, they will continue to tinker with their hypotheses and theories of change, becoming ever more absorbed in technique and calibration, ever more focused on *internal* operations, even as they tell themselves they're really honing better instruments to bring about *external* change.

For in the final analysis, there is a tension or contradiction between the two elements of Phil's strategic grantmaking. One requirement bids us to look outward, to the external world, which is ever less amenable to philanthropic control or manipulation.

The other requirement – which is central to all modern science – bids us to look inward, to attend only to what we can control or manipulate, what we can demonstrably and palpably cause with our own efforts. As modern human beings, which is to say as control freaks, we will invariably choose the latter rather than the former.

And so philanthropy's leadership will continue to behave as if it could stroll into 1313 right now, snap out a few orders, and watch the policy experts fan out across the country to do its bidding. But the view from 1313 is quite different today.

On July 1, 2008 William Schambra, director of the Bradley Center for Philanthropy and Civic Renewal at Hudson Institute, and Phil Buchanan, president of the Center for Effective Philanthropy, took part in a firing line-style debate before a meeting of the Chicago Grantmakers for Effective Organizations; event documents introduced the speakers as “two national philanthropy thought leaders who promise to check all sacred cows at the door.” They addressed the following questions: ‘Strategic philanthropy’: Is it real or just the jargon of the moment? We’ve all heard the term and most of us use it; in most foundation offices and boardrooms now it’s about as controversial as being in favor of peace and justice. But what does strategic philanthropy really produce, and does it mean something more than just “make good grants”? The above speech is Mr. Schambra’s opening comment.