

# ARE CHARITABLE DOLLARS GETTING WHERE THEY'RE NEEDED MOST?

Remarks by William Schambra

The Gurin Forum: "For What and For How Long?  
Charitable Dollars and Persistent Problems"

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WE LEARN with dismay, in the report prepared by Indiana's Center on Philanthropy, that less than a third of giving in America goes to the economically disadvantaged, and that only 8 percent goes to meeting the immediate needs of the poor.

Frankly, I'm surprised the figure is so high. After all, the leadership of the philanthropic sector in American has spent one hundred years deriding the notion that meeting immediate needs of the poor is of any value.

The denigration of charity was present at the founding of today's large foundations. Consider Raymond Fosdick's account of the first meeting of the Rockefeller Foundation in May 1913.

It had received many requests to meet immediate human needs, he observes, including a plea from the YMCA to help rehabilitate its facilities in Dayton, Hamilton, and Marietta damaged by floods in the Ohio River Valley.

Fosdick notes, *with barely concealed pride*, that the foundation turned them all down flat.

It followed instead Rockefeller confidante Frederick Gates' advice to "confine itself to projects of an important character" – those that fit John D. Rockefeller's conviction that "the best philanthropy involves a search for cause, an attempt to cure evils at their source."

In this time-worn view, meeting immediate needs is just putting a band-aid on a problem, while truly effective giving gets at the problem's root cause, and solves it once and for all.

Indeed, this is at the heart of the distinction so many draw between charity and philanthropy.

Lest you think this approach is confined to the world of foundations or to a much earlier era, consider the *Washington Post's* account of recent changes at United Way of America.

The association's president is reported as saying, "Despite spending millions to support scores of local programs, the 121-year-old United Way has not made measurable progress on . . . core problems." And so "the United Way must redirect its money toward the root causes."

Implicit in this century-old, sector-wide understanding is the assumption that suffering is not an enduring human condition, to be alleviated as best we can. Rather, it is a technical problem that can be analyzed, measured, and definitively and conclusively solved, step by rational step.

The early foundations, enjoying great success with getting at the root causes of physical afflictions like hookworm, seemed confirmed in this view and hoped that science and technology would ultimately offer the same sort of empirical, comprehensive, and decisive solutions even to social problems.

So the most effective giving would go not to alleviating problems, but to scientific analysis of problems.

This meant building the institutions – the bodies of knowledge, universities, think tanks, credentialing codes and agencies, and professional associations – that would train, employ, organize, and elevate the status of the scientists.

It also meant propagating a view of public life that *discouraged* amateur citizens from trying to solve their own problems, and *encouraged* us to look for solutions only to the social engineer and public policy expert.

The Indiana University findings, in this view, are misleading insofar as they suggest that direct expenditures are the best measure of our concern for the poor. In fact, university programs or laboratory projects are typically more effective approaches to poverty.

So suggests Dr. Susan Raymond in a recent critique of the Indiana study, complaining that “philanthropic investment in resolving root causes of problems will often not show up on measures of services to the needy.” After all, she points out, “if we truly do not understand a problem, if we truly do not know what is wrong, let alone how to fix it, how is investing in the knowledge not helping the needy?”

Well, it’s helping the needy only if indeed our massive, century-long investment of untold billions of charitable dollars in root cause solutions has borne fruit – only if we have figured out what is wrong and “fixed” it – only if we have provided definitive solutions to at least a few significant aspects of poverty. But have we?

To be sure, we have created comfortable lives for vast new classes of professional experts, who provide an endless menu of social services in response to the needs of the poor – as the professionals themselves define them.

They also provide a deeply entrenched and immensely effective lobby in education, social welfare, and health care, which works diligently for further investments in root cause solutions and wards off any effort at reform that may involve employment of fewer rather than more experts.

Today, these experts promise us that something called strategic giving – giving based on logic models, theories of change, capacity building and measurable results – will at last bring a truly empirical rigor to giving.

But to believe this requires complete amnesia about a full century of previous promises about root-cause, once-and-for-all, we-really-mean-it-this-time solutions.

No, our charitable dollars aren't going where they're *needed* the most. They're going to those most adept at shaping our understanding of *need*.

But what's the alternative?

Communities in poverty are full of wisdom about their own problems and how to solve them, though that wisdom often makes no sense to the experts. For instance, individuals in low-income households tend to give disproportionately and generously to religious institutions.

When we wish to caution others against high hopes for private charity as an essential way to deal with our problems, we tend to say, “and remember that a lot of it goes to religious institutions” – as if it were simply scattered out the window, as if we needed further proof of our bias against immediate needs charity and toward expert-driven service delivery.

But what if the poor are telling us something about what they truly want, with this giving? Perhaps they're saying, with their own scarce dollars, that they don't particularly value delivery of professional services by outside experts as much as those experts do.

Rather, they value above all the creation of their own tightly knit spiritual and moral communities within which they may find a sense of purpose and belonging; where their lives, however hard, are given a deeper meaning; and where they can raise children with the ambition and character to capitalize on opportunities they themselves may have been denied.

We experts pay no attention to this view, because it appears to us excessively passive and resigned. It offends our professional conviction that human suffering can be fully understood and decisively mastered by the secular sciences.

But it is a view that should be consulted if we wish to direct our charitable dollars according to the needs of the poor as they themselves define them.

*William A. Schambra is the director of Hudson Institute's Bradley Center for Philanthropy and Civic Renewal, which was founded in 2003 to explore the usually unexamined intellectual assumptions underlying the grantmaking practices of America's foundations and provide practical advice and guidance to grantmakers who seek to support smaller, grassroots institutions in the name of civic renewal. For more information on Schambra's work and the work of the Bradley Center, please visit the center's web page at <http://pcr.hudson.org>.*

*The Gurin Forum, organized by the Giving USA Foundation, honors Maurice Gurin, a foremost leader and thinker whose involvement in philanthropy had a profound effect on its evolution, and focuses attention on the significant issues facing the sector today. These periodic forums are designed to stimulate dialogue, debate, research, and education.*