

**THE POLITICS OF PHILANTHROPY
AND SOCIAL CHANGE FUNDING:
A POPULAR REVIEW OF THE LITERATURE**

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INTRODUCTION

How movements or organizations decide to gather resources, where they find them, who decides how they will be spent and how they spend them are political questions, as political as a discussion about achieving racial justice in the United States. Yet few activists, organizers or even staff of organizations spend much time thinking about these things. Over and over, the refrain is “I don’t like to raise money.” Implied, “I just want to organize/do my program work.” Money, where we get it and what we do with it, is seldom on the agenda. It should be, because resources—time, labor, and especially money—are key to organizational survival and political success. Even academic scholars have devoted time to exploring how access to resources have shaped social movements in the U.S., through work on Resource Mobilization Theory and New Social Movement Theory.¹

Key political questions embodied in funding issues include the ways that poor people and their allies can attain some re-distribution of wealth, the role of the wealthy in communities of color, and what role the wealthy may play in struggles for social change. These questions hold many implications for social movements in communities of color,

and their discussion entails addressing the practice of philanthropy. The word philanthropy, according to Webster's Unabridged Dictionary, means "altruistic concern for human welfare and advancement, usually manifested by donations of money, property or work to needy persons, by endowment of institutions of learning and hospitals, and by generosity to other socially useful purposes."² Philanthropy can involve individuals, foundations or corporations and businesses. When it involves foundations, it is usually called "institutional philanthropy."³ Exploring who gives, how they give and the effects of the giving is a rapidly growing field of research.

Currently, a discussion is occurring over whether we should broaden our definition of philanthropy. Traditional definitions of philanthropy usually refer to the practices of the wealthy elite, whether in individual donations or through philanthropic institutions or foundations. Authors focus on different aspects. One defines philanthropy as "involving individual acts of giving and organization to ensure the effect of that giving,"⁴ which alludes to the practice of foundation staffs ensuring grantees comply with funding agreements. Another defines it as "*the giving of goods and services outside the nuclear family without any apparent expectation of economic return*"⁵ (emphasis in original), a definition that could encompass individual giving or actions as well as institutional giving, but that must result in some kind of increase in "net assets" of the receiver. Some believe this should include volunteer time and activity, which may or may not increase net (monetary) assets. This would be a way of acknowledging another form of wealth in communities of color which are only now beginning to grow sizeable

middle and wealthy classes.

GIFT, the Grassroots Institute for Fundraising Training, seeks to open discussion about the financial aspects of philanthropy for people of color and progressive social movements by encouraging community organizations to forthrightly address their own internal politics of money and fundraising. Who raises money, how decisions are made about spending it, where the wealth came from, whether problematic obligations are entailed in accepting a grant, the effects of wealth and foundations on the political landscape are all issues that command attention. Financial stability is key for the health of our organizations, and better analysis is needed so that social change work can be financed in ways that are not destructive to organizational missions or community priorities.

In order to analyze any issue strategically, assumptions and frameworks should be spelled out. GIFT is motivated by a vision of justice that involves confronting economic, gender and racial oppression. These visions promote environmental and community sustainability, community control and democracy, and a social safety net for those struggling to survive in the U.S. and worldwide. Social movement or social change organizations—those concerned with the redistribution of power and wealth in society—are important allies in our work. We anticipate contributing to sharpening the politics of funding and perhaps developing strategic programs for change in philanthropy. We especially acknowledge the work of the National Committee for Responsive Philanthropy and the National Network of Grantmakers, among others; they have begun and lead the

debate and provided a number of important policy recommendations.⁶

Of necessity, addressing the relationships between and among communities of color, left social change activists and foundation funders requires analysis of economic and political inequality in the U.S., and thus the distribution of wealth here and worldwide. Part of GIFT's future work will be to delve deeper into questions at the intersection of race and class, namely: the contradictions of class, wealth and ideologies within communities of color; the contradictions of progressive fundraising in a capitalist country; and the strategic connection between GIFT's work—creating financial sustainability within progressive organizations—and broader models for social change nationally and internationally. How do we contribute to the building of a left movement for social justice in the context of an economic system of globalized corporate capitalism?

This literature review is part of a research project that is exploring two different aspects of philanthropy. The first is the practice of philanthropy within communities of color. This will promote better understanding of its rich history in communities of color—one that reflects the legacies of immigration, cultural practices, racism and resistance in the U.S. The second is the role of foundations in shaping, for better or worse, the work of organizations involved in social change. Exploring the ways foundations interact with those kinds of organizations will prove helpful to communities of color and progressives who are working to create their own visions of social justice.

One very obvious difficulty in this review is the scarcity of analysis on foundation

funding and social change organizations, particularly in communities of color. This lack is a significant statement about what is considered valuable knowledge, and also a reflection of what foundations fund. Scholars estimate that social change funding accounts for between 1 and 3% of all foundation giving in the U.S.⁷ More recently, there is a growing body of literature exploring social change and foundations, but very little still about that topic in communities of color. Thus, there is a noticeable lack of continuity between our section on philanthropic practices in communities of color and our work on foundations and social change organizations. Yet we decided to deal with them both because of their complementarity in issues of funding.

We plan to produce an article, or a series of articles, in the coming year. If there is interest, we may develop some projects to expand the impact of this work. In this brief beginning, we want to explore the literature, share some of our initial thoughts, and lay out the direction of our future research.

PHILANTHROPY IN COMMUNITIES OF COLOR

Philanthropy by communities of color has historically gone unrecognized. Many assume that funds given in these communities always come from external sources. The majority of studies about philanthropy to date have focused on elite philanthropy, or giving by the wealthy.⁸ In that literature, American philanthropy is considered “largely the province of affluent white donors.”⁹ These views are erroneous; giving in communities of color has always occurred. Ignoring it is a form of stereotyping, and at worst, a subtle form of racism that continues to disempower communities of color in

relation to whites.

Philanthropy in communities of color has a long and vibrant history in the United States that is only now finding its way regularly into social science literature. Its form has been shaped by traditions of immigrant homelands and the experiences of racism in this country, as people of color have had to struggle together to survive. This section reveals the ways that religious practices, conceptions of responsibility and family, and shared experiences have shaped giving practices. It is crucial to publicize these histories, in order to re-construct communities of color as givers, and to assert their rightful place as important shapers of our society.

Understanding the different ways that cultures are embedded in giving practices should foster respect and a broader understanding of the dynamics therein. Understanding givers can also shed light on the “best practices” of fundraising in communities of color—important and useful information for nonprofits that may need help in keeping themselves afloat. Heretofore, the study of philanthropy has been dominated by a very particular approach, sometimes referred to as “the culture of giving,”; one that emphasizes “charity”, the slight detachment of professionalism in making giving decisions, and institutionalized giving. Examining the ways communities of color give demonstrates that there is ample room for re-shaping this culture to be more aware, inclusive, less detached, and respectful of difference.

African Americans

Perhaps the best-documented historical cases of philanthropy in communities of

color has occurred in African American communities, beginning in the colonial era with the founding of the Fraternal Order of Prince Hall Masons (1775) and the African Union Society (1781).¹⁰ These efforts were by no means shortlived, and the history of Black philanthropy includes many organizations whose purpose was three-fold: *humanitarian*, aid to ameliorate suffering; *self-help*, emphasizing Black schools, colleges, hospitals and insurance companies; and *social change*, fighting for the abolition of slavery and later to end barriers to racial equality¹¹.

The Black church has been a critical institution in the development and support of philanthropic behavior among African Americans. Gratitude for its role and a sense of self-determination results in broad support among African Americans.¹² As a rooted, Black-run institution, historically controlled by its own, and one of the few that have not abandoned the inner city, it receives 2/3 of Black household charitable dollars¹³. (Of the \$143.71 billion given in the U.S. overall in 2000, \$81.78 billion went to religion, just a little over half.¹⁴) However, there are also a number of organizations, including women's clubs and greek societies, that have been recipients of the generosity in the African American community.

One example is the Mother Society of New York, which supported Black women in that city. *Freedom's Journal*, a Black newspaper published in the early 1800s, estimated in 1829 that there were only 43 poor Black women in New York, as compared with 472 poor white women, as a result of the Society's work.¹⁵ Another is the National Association of Colored Women, whose membership in 1916 was 50,000 with 1,000

chapters in 28 states, also provided philanthropy in the form of widespread support for the war effort during World War I. Black women all over the country rolled bandages, knitted socks, raised funds and otherwise supported the troops, despite the sharp increase in lynchings that was occurring during that time¹⁶.

Because Blacks have always faced what Jean Fairfax calls “the harsh reality of oppression,” they evolved a “communal tradition of caring for each other.”¹⁷ Even during difficult times, the less fortunate have been supported via philanthropy. This support can come from wealthy and well-known African Americans who have made great fortunes, such as Madame C.J. Walker, the first Black woman millionaire who supported a number of educational and other aid projects in the early 20th Century¹⁸, Bill and Camille Cosby, who donated \$20 million to Spelman University in the early 1990s, or singer Ray Charles, who recently donated \$2 million to Wilberforce University, a private Black college in Ohio¹⁹. Or they can come from people like Oseola McCarty, the legendary laundry woman who through a life of humble labor was able to save enough to donate \$150,000 to the University of Southern Mississippi in 1995²⁰ or Matel Dawson, Jr., a Detroit autoworker who, over a period of eight years has given \$1 million to local charities.²¹

Although these large contributions often stir greater notice, trends of giving within the African-American community show that its members have always been frequent and customary givers. Studies of giving show extensive informal networks of support, such as when mothers send their children to the neighbors to collect quarters for those in

need,²² or the common acknowledgement that African Americans work to meet the high expectations of their communities for mutual support and to “give back” to their communities²³. Obviously, this information conflicts with the view of African Americans as primarily recipients of charity.

There is disagreement about the extent of giving in the African American community. A 1989 study by noted expert Emmet Carson found that, despite differences in income, Blacks and whites were equally likely to make charitable contributions, and the sizes of their contributions were about the same²⁴. However, the Independent Sector, which tracks giving and volunteering in the United States, reported in 1996 that 53% of Blacks and 57% of Hispanics surveyed gave as opposed to 73% of Whites. They gave three reasons for lower Black and Hispanic giving: a much lower average household income than whites; a lower percentage of respondents who were married; and a much lower proportion of their populations that had college degrees. Finally, a recent national study by the Urban Institute for the Chronicle of Philanthropy demonstrated that Black and Hispanic homeowners give a higher percentage of their income than white homeowners.²⁵ The difference in these findings should trigger more studies for further clarification.

An important contribution to understanding inequality and giving among African Americans has been made by scholar Dalton Conley²⁶. His contribution is to point out that comparisons of giving between populations are troublesome if differences in relative wealth are not taken into account. Conley urges analysis of differences not only of

income, but also of *net worth*, or assets as well as income. For instance, in the U.S., white families with an income of less than \$15,000 show a median net worth of \$10,000, whereas black families with the same income show a median net worth of zero or negative (debt). White families with incomes of \$75,000 show a median net worth of \$140,200, while a Black family with the same income has a net worth of \$54,000. Understanding the greater burden of giving for families not yet at the same wealth levels as others can shed important light on giving patterns. Yet African Americans at all income levels continue to make contributions despite this widening wealth gap.

It should be noted that African American philanthropy has historically been linked with efforts to create social change, for instance, contributing to the struggle for equality and against racism. Throughout history and into today, blacks may well have provided charity for down-and-out families, while at the same time they were fighting for suffrage, the abolition of slavery, against lynching, or for equal rights. More recently, those efforts have also begun to include conservative efforts for change.

Latinos*

Other communities of color are not so well researched, but also have long histories of philanthropic behavior, for example, the Mexican American community.

Since the U.S.-Mexican War ended in 1848, migration trends have resulted in an ebb and

* Current studies of philanthropy among the Spanish-speaking populations in the United States tend to lump them into one group, labeled 'Latinos'. The term 'Hispanic' carries the same meaning as Latino, but is considered offensive by some, for political and cultural reasons. I prefer using the term Latino to refer collectively to U.S. Spanish-speaking populations, but use the term Hispanic when reporting findings by authors who use that term. Using Latino or Hispanic allows collective consideration of the diverse populations of Mexican Americans, Puerto Ricans, Cubans, Central Americans, South Americans, and Caribbeans. However, care must be taken to split out specific groups when their experiences diverge, as they often do.

flow of Mexican immigrants to the Southwestern United States, who joined long-established Mexican communities in Texas, New Mexico, Colorado, Arizona and California. These communities created *mutualista* (mutual aid) organizations, designed to help newcomers get settled, provide burial plans or to serve as insurance companies for them, as well as fighting against the racism they encountered in the Southwest and the Midwest.²⁷ They also served as preservers of social networks. For instance, Denver's *mutualista* society regularly sponsored fiestas and dances.²⁸ These *mutualistas* existed up to the 1960s, but have historically escaped the notice of scholars studying institutional philanthropy. They have played key roles in supporting the less fortunate in their communities and in fighting against segregation, for suffrage and for better schools and conditions in Mexican American communities.

Latinos tend to give informally, through familial or social networks.²⁹ The element of *personalismo* (relating personally to others) is key in making decisions of where to give: knowledge of the recipient is more likely to result in a gift.³⁰ Especially among those who themselves immigrated, helping others get settled in the U.S. can include offering shelter, food, clothing and work recommendations for as long as necessary. These recipients of charity may be family members and may not.

In Hispanic communities, both the poor and the emerging middle class give in large numbers, particularly in response to specific events or disasters, such as hurricanes or earthquakes³¹. The experience of Latinos as migrants appears to affect their giving patterns. In one study, Rodolfo de la Garza found that after controlling for

socioeconomic status, immigrants gave less than native-born Latinos, likely as a result of differing experiences of philanthropy in their home countries,³² where governments or the Church were more likely than charitable aid organizations to provide for the needy. Additionally, experience with corruption caused wariness and reinforced the predilection for personalized giving noted above. De la Garza found that there was little or no difference between rates of giving to U.S. charities among Anglos and U.S.-born Latinos³³, contrary to the Independent Sector study referred to in the previous section³⁴.

Remittances to family members or communities out of the country also accounts for a large portion of giving. It is a common practice for immigrants to the U.S. to host family, friends or simply friends of friends to help more recent arrivals get established. In many cases, Latino immigrants send over 10% of their earnings back to their families and home villages.³⁵ These remittances have recently been quoted at \$10 billion a year and are Mexico's second largest source of foreign income after oil.³⁶ Workers sending remittances help pay for things like church renovations, village wells or roads as well as family necessities. In addition to aid sent to Mexico, much of the giving by Guatemalans and Salvadorans is through remittances.³⁷

As with African Americans, the church is a recipient of the most significant portion of institutional giving by Latinos.³⁸ One study indicates it is so commonplace that "for many Hispanics, giving to the church is a given and it ranks outside, if not above, all other giving".³⁹ Previously this would have been largely limited to the Catholic Church, but fundamentalist Protestant denominations have increasingly attracted Latinos to their

practice and to giving. Special events, especially with religious significance, such as baptisms, *quinceañeras*, and weddings, provide other opportunities for giving, as *padrinos* and *madrinas* serve as godparents and sponsors with future responsibilities for their new charges. This is usually accompanied by *‘ninos* and *‘ninas* providing some part of the celebration, often paying for the food or drink, or otherwise taking on some significant part of the expense.

Notwithstanding grassroots-level giving, the Latino community’s developing wealth means that there is a growing number of large donors. An example is Alberto Vilar, a Cuban-born investor who recently donated \$50 million to the Kennedy Center for the Performing Arts.⁴⁰

Perhaps because of the long history of discrimination against Spanish speaking immigrants, Latinos also tie some of their philanthropic activity to social change. A current study shows that organizational membership and philanthropic engagement are strongly linked to political participation, especially among Puerto Ricans and Mexican Americans.⁴¹

Asian Americans

Information about giving among American Indians and Asians appears even scarcer than for African Americans and Latinos. The frequently-cited Independent Sector’s biennial study, *Giving and Volunteering in the United States*, does not include these populations in their demographic categories. Still, work has been done to bring to light their histories in this area.

Among the diverse Asian communities, giving patterns share some similarities to Latino giving, perhaps because of the immigrant base of these communities. Again, to speak of ‘Asians’ erroneously implies a homogeneity among the Filipino, Chinese, Japanese, Korean, Southeast Asian, South Asian or Pacific Islander populations. This would be a mistake, since history, conflicts, language, culture, traditions, and religious base reveal the diversity among them. However, some generalizations have been made in the research of giving practices.

As among Latinos, Asians in the U.S. give more informally, give when there is a personal connection to a cause or an organization, and give to help newcomers settle in this country. Mutual aid societies have been an important part of the histories of Chinese, Japanese, and Filipino American communities. Korean and Vietnamese American associations exist as well.⁴²

In addition, Asian immigrant families provide billions of dollars in remittances to families in their home countries. According to Jessica Chao, in her article, “Asian-American Philanthropy: Expanding Circles of Participation,” Filipino Americans remit up to \$6.4 billion each year, Bangladeshis \$1.6 billion, and Vietnamese Americans \$500 million annually. The practice of *balikbayan* among Filipinos, that is, bringing gifts when people return to the Philippines to visit their families, is another important form of philanthropy, so much so that during the Marcos regime, the government set up government programs to offer benefits to the givers as a means of encouraging this revenue-generating behavior.⁴³

Koreans and Japanese were found to practice a large amount of giving tied to religious practice, especially Christianity and Buddhism, respectively. Religious teachings of compassion, service to others and the relatedness of all things make giving integral to everyday life and philanthropy, as such, is not considered separately.⁴⁴ Interestingly, Chinese communities were found to have a venerable history of political giving, established in the early part of the 20th Century. One study found that political factions within the Chinese community were very skilled at getting donations for their causes.⁴⁵ While much of Asian giving, particularly among the more recently-arrived, is ethnic-specific, a consistent finding is that Asian Americans give to both ethnic-specific and non-Asian causes. And, studies have consistently found that Asians can be characterized as “substantial givers”⁴⁶. One of the most recent examples is the record \$66 million raised by Dominic Ng, a San Marino, California banker, for the United Way of Greater Los Angeles.⁴⁷ Ng was successful because he combined the Asian practice of taking care of their own with the American ethos of reaching out to the larger community.

Indigenous Peoples in the U.S.*

An explicit theme in giving practices among the American Indian peoples of the United States is the role that culture plays in their philanthropy. Examination of meaningful concepts of giving in the many Indian nations reveals the importance of culture:

In traditional Native-American societies, gift giving has been part of the rites performed for birth, puberty, marriage, death and other major ceremonies. Giving is a form of sharing, not charity. The focus is on the

* This short description of Native American giving is taken from Mindy L. Berry’s article “Native-American Philanthropy: Expanding Social Participation and Self-Determination,” unless otherwise noted.

exchange and the relationship of the giver and receiver...The variance of values in Native and non-Native communities is the root of tension between institutional giving and more indigenous forms of giving.⁴⁸

Native Americans practice much informal giving within family and community.

The practice is described as “an extension of honor to the generations to come and to other kin or clan members. Giving symbolizes an expression of interest in the larger world.”⁴⁹ Giving “...bonds you within the group, because you have provided a series of gifts that allow the group to prosper.”⁵⁰ Practices such as giveaways and potlatches reflect the regional and local characteristics of the over 200 language groups of the indigenous peoples of the U.S.

Native Americans also support tribal foundations and tribal giving programs, as well as non-tribal funds. Mindy Berry’s study found that those tribes which are more traditional tend to consider the cultural and spiritual relevance more important than those which are more progressive. Those tribes consider education, the arts, economic, development and entertainment as important causes for which to give. While it is important for the giver to know the group or individual to which they are giving, anonymous, need-based gifts are often preferred.⁵¹

Differences in philanthropy among the Indian peoples of the United States may vary according to whether a donor is giving from wealth through tribal vs. individual means. Tribal vehicles for giving include giving through tribal councils, tribal enterprises, tribal government, inter-tribal consortia, and foundations. Reservation-versus non-reservation based individuals also show differences in giving. In Berry’s study, reservation-based individuals tend to support tribally sponsored charities, the needs

of individual tribal members, educational scholarships and sports activities, while non-reservation-based individuals supported historical and cultural projects, human services and church-related activities.⁵²

New Wealth in Communities of Color

A common story among all communities of color is the growth of their middle classes, and along with that, opportunities for the development of new forms of philanthropy. As communities live out longer histories, they make a significant step from “survival” and need-based strategies of giving, often done on an emergency basis, to giving from a concern with “legacy”, motivated by desires to help improve the overall quality of life in one’s community. Although beyond the scope of this review, the shift creates important questions about the ways that communities will choose to manage their wealth and giving, and about the role of elites in communities of color. If less wealthy givers tend to give to the less fortunate, will increased levels of wealth result in giving that is still guided by community needs? Will they support causes that are often critical of political and institutional structures with histories of discrimination, such as local police forces or firmly entrenched local power machines? How will class divisions impact communities of color?

Because donors of color often want to have a personal connection with the recipient of their donations, many expect that donor-advised funds, funds in which the donors have a say in how the money is used, will continue to grow. This also raises issues about who is controlling money that is being spent in communities of color. Staff

of both foundations and community organizations have privately expressed concern that donor-advised funds will further distort already complex and sometimes tense relationships between funders and causes, as donors seek to tie strings to their donations.

One notable form of this new wealth is the coming “intergenerational transfer of wealth,” a pool of wealth estimated by some to be \$10 trillion.* This wealth is projected to come from inheritances to the baby boomer generation. This is notable because of this generation’s size and because particular life patterns forged in the ‘60s and ‘70s are resulting in different patterns of giving. While there is no breakdown of the racial demographic of this money’s sources, some of it will surely reflect the expanding upper and middle classes of communities of color. The transfer’s significant size represents notable opportunities for investment and philanthropy, and foundations are gearing up to compete with banks and financial institutions to capture as much of the wealth as possible.

Another form this wealth is taking is that of community, or federated, funds. Federated funds serve to attract donations from middle and working class people through workplace giving. These funds exist in the Black, Latino, and Asian communities. The oldest of these is the National Black United Fund (NBUF), begun in 1974 to serve as a Black alternative to United Way giving programs.⁵³ The NBUF was begun because United Way was perceived as unresponsive to needs in the African American community.

* A number of studies put the size of this transfer at \$10 trillion, however, the AAFRC Trust for Philanthropy, in its report, *Giving USA*, cautions against that figure. Calculations of that amount, they say, mistakenly assume that the amount is fully discretionary, although much of it will actually go to estate taxes and fees. In addition, that amount was projected to occur over 55 years, from 1998 to 2052.

However, its initiation required a federal lawsuit by the NBUF, along with the NAACP Legal Defense Fund, the Puerto Rican Legal Defense Fund, and the Natural Resources Defense Council, to be allowed to participate in the Combined Federal Campaign (CFC), a program of government employee giving. NBUF's 1980 victory paved the way for itself and other non-United Way charities to participate in the CFC.

The six Latino community funds are quite a bit younger than African American community funds. They are said to operate differently, in that mainstream philanthropy is their inspiration. Their founders are quoted as saying that Latinos "want to be in the mainstream...(they) want to be part of a healthy civil society. The funds exist, not as an attempt to separate themselves, but simply because the Latino community has been excluded from philanthropic institutions."⁵⁴ The stance of this respondent diverges from other Latino community development efforts that are explicitly driven by the motivation to create self-determination for Latinos. While the expressed desire of the Latino federated funds is to incorporate into the mainstream, Latinos continue to experience racism and exclusion. The implication seems to be that if philanthropic culture changed, these Latino funds would cease to exist; yet it is likely that even with more open philanthropic institutions, issues of self-determination and community control would still mandate a place for these federated funds.

Latino funds are successful in bringing growing levels of resources to communities heretofore neglected by mainstream philanthropy. An interesting challenge for them is addressing the ethnic, racial and class tensions that exist within the Latino

community and between Latinos and other ethnic groups—a challenge that will also have parallels in the Asian communities.⁵⁵ As Latinos have grown in number and diversity, the cultural and language differences among Mexicans; Central Americans (and within Central American, Salvadoran, Guatemalan, Panamanian, etc.); South Americans such as Peruvian, Argentinian, etc.; Caribbeans and Cubans have emerged to produce conflicting worldviews in politics and policy. In issues such as immigration or tax policy, differences emerge. In attempting to increase Latino philanthropy, where funds will be spent may have an impact on how much is given.

Asian community funds are also young and growing. Their establishment, like that of Latino funds, reflects a response to their underrepresentation in mainstream philanthropic institutions. For instance, a 1990 survey of 75 foundations found only two with Asian Americans on their boards.⁵⁶ Some of this under-representation may stem from the misperception of Asians as “model minorities,” who don’t need philanthropy.

An issue unique to American Indian community funds is the perception by the larger community that the growth of gaming on reservations means that indigenous peoples no longer need assistance. This is another misperception, since only a few tribes have eradicated poverty, and many tribes do not have the option of establishing gaming. In fact, “in the decade or so since Indian gaming was given federal protection, the poverty on nine of the 10 largest reservations which house half of the Native American population in the United States, has gotten far worse.”⁵⁷ Still the new wealth generated by gaming has resulted in new grants. In addition, what is being called “a new movement of Native

grantmakers,” is attempting to develop philanthropic practices that are more in harmony with indigenous culture than some of the economic development models that gaming can produce.

A little digging reveals the depth and breadth of the history of giving in communities of color. As we become more familiar with that history, it can reveal lessons in self-sufficiency and self-determination that apply to current experience. We can come once more to appreciate the great sacrifices our ancestors made when they gave generously of their substance, not just their surplus, to help their communities and families have a better future.

FOUNDATION FUNDING AND SOCIAL MOVEMENT ORGANIZATIONS

A struggling nonprofit seeks a grant of \$50,000 from a regional foundation to fund a key staff position. The grant is made, with the express stipulation by the foundation that it be allowed to hire the staff that will fill the position. The nonprofit agrees and accepts the money, and the foundation chooses the hire.

A well-established national organizing project stages a protest at a national policy conference with a number of sponsors, including two of their funders. It is a silent but effective demonstration, protesting the exclusion from the conference of voices of the most-affected group. The following week, one of the funders pulls \$250,000 in funding from the organization that lead the protests.

A local community organization is given 30 days notice that the nearly \$30,000 in funds they had counted on for the third year of a three year grant would not be forthcoming for the 3rd year. No explanation is given.

These stories, just a few of the anecdotes that readily surface when foundation practice is brought up, illustrate some of the tensions found in the relationships between

social movement organizations and foundations. While all nonprofits must negotiate the relationship between their mission and their funders, groups that are attempting to build social movements, and for whom alternative sources of funding are fewer, find themselves in a more sharply drawn dilemma. That dilemma, explained by Susan Ostrander, is that social movement organizations find themselves almost entirely funded by sources outside their movements, with important consequences for those movements.⁵⁸

Although important issues are raised by the philanthropic behavior of corporations and government, we focus this work on foundations. We feel this is appropriate for a number of reasons, but most importantly because foundations are the most frequent funders of social movement organizations (SMOs). SMOs are vital to civic health because they represent “alternatives, options, experimentation and leadership”⁵⁹ as well as important critique of social structures and a voice for the voiceless.⁶⁰

Our review of the literature encompassed articles and books that describe the practices of foundations that fund social movement organizations. Using a definition provided by movement scholar Doug McAdam, we loosely define SMOs as those organizations made up of marginalized or excluded groups within society, that work to change existing social structures or to resist change of those structures. These groups use tactics that fall outside of “institutional” forms of participation such as voting. Non-institutional tactics include public protest and demonstrations.⁶¹ These organizations may consider themselves part of larger social movements. We focus our work on left or progressive SMOs, which means these organizations usually are critical of market-based

social policies, believe in some kind of social safety net, and are interested in the redistribution of power and wealth to the poor and people of color in the U.S.

Because they frequently offer no services, SMOs are typically ineligible for government funding. Corporate foundations as well do not often fund radical or progressive social change initiatives. Therefore, SMOs turn to foundations to fund their projects, and foundations provide resources that contribute to the survival of SMOs. Yet the relationship between SMOs and foundations is usually fraught with tension on many levels. Our work is to better understand this tension so that funding relationships can be better understood.

There are approximately 61,000 foundations in the United States, according to The Foundation Center's web page. These include community, corporate, private and public foundations. In 1998, foundations donated a total of \$17.09 billion, compared to corporations, which donated a total of \$8.97 billion in 1998.⁶² In 1999, giving by non-corporate foundations totaled \$19.81 billion, an increase of over 16% from 1998, and foundation giving continues to grow faster than inflation: between 1980 and 1998, the number of grantmaking foundations doubled.⁶³ Government and civil society have historically shared concerns that foundations, with nonprofit status yet billions of dollars to spend, operate without public scrutiny while fulfilling such public functions as funding sweeping social reforms and advocating for national level social policies.⁶⁴

It is important to recognize that there is great diversity among foundations of every type. Large, liberal private institutional foundations such as Ford or Kellogg differ

greatly from right-wing activist foundations such as the Olin Foundation. Family foundations with tiny staffs differ from operating foundations that actually run hospitals and other charitable institutions. In this study, we are interested in those foundations that fund social change, and therefore we focus on more liberal or progressive foundations.

How many foundation dollars go to communities of color and social change grantmaking? According to Michael May's report *Are We Ready?*, people of color continue to receive miniscule proportions of foundation grants. In 1992, Latino groups and initiatives received 1.4% of foundation funding. Between 1991 and 1993, .66% of foundation dollars went to Native concerns and 1% to Native controlled organizations, and between 1983 and 1990, only .2% of foundation dollars went to Asians and Asian controlled initiatives. The *Chronicle of Philanthropy* recently published similar estimates reporting data from the Foundation Center that reported that overall giving to projects that benefit people of color totals less than 8%, with Blacks receiving 1.9% of foundation dollars, Latinos receiving 1.2%, and Asian and Native Americans receiving less than 1%, combined.⁶⁵

Percentages of foundation dollars that go to social change grantmaking are comparable, comprising 2.4% of giving in 1997, according to a 1998 study by the National Network of Grantmakers⁶⁶. One unfortunate consequence of the lack of research in this area is the lack of information on how much of foundation giving to communities of color went to progressive social justice initiatives, as opposed to service or cultural programs without explicit change agendas.

Finally, it is important to mention that, while progress in diversity has been made at staff levels, foundation leadership continues to be overwhelmingly wealthy, white and male. This lack of representation is important for several reasons: 1) without significant leadership from disenfranchised communities, foundations cannot hope for the insight and direction that will result in effective structural change. And 2) the class interests that get reflected in foundation leadership can lead to an aversion to tactics such as community organizing and direct action, or to strategies that call for re-configuration of the distribution of political and economic power.

Low levels of funding for social justice work supports previous conclusions drawn by researchers that foundations continue to struggle to accurately reflect the demographics of their funded projects—an important measure of accountability—and that they continue to fund projects that perpetuate the status quo, evading or ignoring calls for fundamental social change.⁶⁷ Questions remain, however, as to the remedy. GIFT's goal to increase fundraising skill levels in communities of color and among social justice organizations grew out of their concern that many groups lack the capacity to diversify their fundraising sources. Can SMOs avail themselves of alternatives to foundation funding? Does greater reliance on foundation funding carry consequences too heavy for SMOs?

Although some historical analyses portray the majority of foundations as harmless or ineffectual with regard to social change,⁶⁸ a number of articles exist that explore and analyze the problematic relationship between foundations and social movements.

Historically, foundations were created to serve as tax shelters, reflect the interests of their founders, and sometimes to attempt to relieve social problems. Clearly their approach has always been what is acceptable to the founders or trustees⁶⁹. Both the right and the left have historically criticized foundations: the right because liberal foundations support progressive social movements, such as the Civil Rights Movements or the growth of the welfare state, the left because both rightwing and liberal foundations have actively worked at different times to subvert the social movements⁷⁰.

The literature revealed a number of significant issues. On the one hand, foundations are accused of having been indifferent to the urgent issues of economic inequality and racism. In fact, a number of them have avoided or denied the problem of white supremacy and the development of principled solutions to racial inequality, even as they work to build communities. On other other hand, the literature contains cases of foundations actively working to moderate the approaches, ideas, and leadership of radical or progressive social movement organizations. Several studies found that liberal foundations aggressively work to shape the public discourse in a way that is damaging to progressive social change models. And, while foundations are powerful institutions with significant public importance, they operate for the most part without public scrutiny or accountability. Given the findings (detailed below), how can SMOs can operate effectively and with integrity in this complex environment?

This report makes no attempt to quantify the effects of foundation funding on SMOs and a common theme in the literature is the need for future research on this topic.

Our purpose was to review existing literature and to flag important issues noted therein.

While more of the historical work focused on case studies, newer work takes a more quantitative approach, looking at trends in substantial numbers of cases across time.

Initial studies reveal important issues.

Historical

The dynamics of foundation funding of nonprofit organizations in the United States are complex, with far-reaching implications for nonprofits and activists. Literature in sociology and anthropology has addressed the issue. J. Craig Jenkins, in series of articles describes the ways that “elite patronage” (defined as support, including funding) stems from the convergence of a number of structural and subjective forces⁷¹.

Conscience, political advantage, and fad-funding are mentioned as motivations for giving. He also explores the ways that funding has emerged from the desire of elites to control insurgencies. While the upheavals of the 60s and 70s to some extent educated elites about needs and provided new avenues for action, they also presented the political threat of mass insurgency. The result of this was that “institutional elites moved quickly to support nonprofit advocacy as a responsible alternative to disruptions” (p. 302-3).

Yet it would be a mistake to reduce the relations between SMOs and foundations as one of simple social control or domination. Jenkins’ 1986 article reveals the complex forces that lead to the decline of the Civil Rights Movement. Setting foundation patronage of SMOs in the changing political context of the ‘60s and early ‘70s, Jenkins attempts to ascertain whether foundations initiated the movement, whether they controlled the direction and agenda of SMOs, and what effect their patronage had on the

development of the movement as a whole. By examining the timing of grants as compared to significant events and the prominence of civil rights actors, Jenkins found that foundation patronage was mostly a *re*-action to the turbulence of the '50s and '60s. Nor did their grants change the goals or tactics of the movement. One effect, however, was that grants overwhelmingly went to professional, or advocate, SMOs as opposed to indigenous (grassroots) SMOs. It was this trend, rather than any overt attempts to moderate the politics of the movement that could be seen as detrimental to it, because advocate groups, while taking their cue from indigenous groups, did not do the sustained popular organizing so necessary to the survival of mass movements. (Additional factors he cites for movement decline included both the acquiescence that grew as a result of the incremental gains of the movement as well as disaffection that occurred among more mainstream Blacks as the movement moved from an integration agenda to radical Black nationalism.)

These findings echo Waldemar Nielson's 1972 examination of the 40 largest foundations in the U.S. A departure from the critiques of foundation practice as powerfully damaging to the interests of communities of color and progressive social movement organizations, Nielson is critical of the lack of interest displayed by 37 of them in such urgent issues as racism and civil rights. Far from being effective creators of social change, Nielson found that foundations lagged far behind the activism of civil rights organizations. Only after powerful social movements force elite players' hands did a few foundations begin to move, belatedly and, in his opinion, ineffectually, to attempt to address social problems.

Others see more troubling evidence that foundations actively seek to control social

movements. In her article “Foundations and Social Change Organizations: The Mask of Pluralism”, Joan Roeloffs attributes the decline of the New Left to its transformation from strategic-thinking organizations interested in addressing root causes of inequality, “into organizations which are fragmented and local, while subject to varying degrees of elite control.” through grants and technical assistance from liberal foundations⁷². She critiques the practices of Ford, Carnegie and Rockefeller, “which focus heavily on public policy issues, and try to promote as well as channel reform.”⁷³ She lists the foundation-funded organizations as conscious attempts to derail social change by situating political protest within existing (and biased) systems, rather than responding to fundamental critiques of racism and systemic oppression. The organizations founded included the Mexican American Legal Defense and Education Fund (MALDEF), Americas Watch, the Puerto Rican Legal Defense and Education Fund, Environmental Defense Fund, the Natural Resources Defense Council, and the Center for Community Change. One critique leveled against MALDEF in its early years is that reliance on Ford funding over the years “made...MALDEF...less accountable and accessible to Chicano militants, activists and community that they purported to represent”⁷⁴.

Roeloffs maintains that foundations funded these organizations in order to bring groups into the power structure, where they would “no longer waste their energies in futile disruptive actions.” What was also explicitly rejected, according to Roeloffs, was

“any notion that poverty may be a by-product of a system that produces great wealth for a few and affluence for many. The ‘troubles’ are not to be linked, and organizations and movements that attempt to relate poverty, military intervention, racism, environmental degradation, etc. as part of a system will be ignored, transformed, or destroyed”.⁷⁵

This had the effect of blunting the edge of radical social critique and framing all

problems in terms of the political system in which grantees were engaged.

Historically, what this meant in practice was seen in a series of actions taken by the Ford Foundation. A major funder today of progressive projects and students of color, Ford was one of the few foundations to fund projects for racial equality in the late '60s; as such it provides many of the examples from that era⁷⁶. Ford's response to rising Chicano militancy in the Southwest was to sidestep grassroots militancy in favor of mainstream social service approaches.

An example is the Northern New Mexico/Southern Colorado case of a radical Chicano struggle lead by Reies Lopez Tijerina called *la Alianza Federal de la Mercedes*.⁷⁷ The members of *La Alianza* were fighting to regain their livelihoods and land, since historic land grants on which their families had lived on for hundreds of years had been dismantled and sold in violation of the Treaty of Guadalupe Hidalgo. People with histories going back hundreds of years on the land were living in abject poverty, barely eking out a living on land that had once been theirs. As the struggle heated up and feelings ran high, Ford came to New Mexico "very anxious even at that point to build some reasonable alternative to Tijerina and the *Alianza*."⁷⁸ To this end, they supported a local program, Home Education Livelihood Program (HELP), with a social service focus. *Alianza* tactics such as testimony before different government bodies were ignored, leading them to heighten their use of militant tactics⁷⁹. When Congress called hearings about issues stemming from a courthouse raid and shootout that occurred in the land grant struggle, they called representatives of HELP, and no one from the *Alianza*. Nor were

Alianza concerns addressed by the Ford initiatives which were implemented in the area. The famous article by Rees and Montague in *Ramparts* (September, 1970) details how the Ford program officer ignored the *Alianza*'s issues and instead pumped money into an economic development project—a feed lot which was then given to his brother-in-law to run.

By the same token, Ford stood clearly with mainstream Mexican American leadership in the de-funding of San Antonio's Mexican American Youth Organization, which together with *Partido La Raza Unida* ran a candidate for Mayor against the more mainstream Democratic Party's candidate. *Raza Unida*'s candidate missed a runoff with the incumbent by 230 votes. Enraged at this threat to the Democratic machine, Congressman Henry B. Gonzalez pressured Ford to drop their funding of MAYO's parent organization, the Mexican American Unity Council, and shortly thereafter, they did.⁸⁰

The African American Civil Rights Movement provides other examples. The rootedness of African American philanthropy in churches and the like insulated the movement to some degree from foundation practices such as those above⁸¹. Yet during the late '60s and early '70s, the Ford Foundation in particular began funding militant Black leaders, including supporting the electoral campaign of Carl Stokes in Cleveland, the city's first African American mayor. The ex-mayor attributed his defeat to Ford's support and his complaints occasioned national controversy. When shortly thereafter, Ford shifted its emphasis to funding Black colleges, "...some of the more militant among (Black leaders) believed that the noncontroversial nature of the program signified a

fundamental decision by the foundation to moderate its activism and seek a ‘lower profile.’”⁸²

Robert C. Smith, in his analysis of Black politics entitled, *We Have No Leaders: African Americans in the Post-Civil Rights Era*, describes the establishment of two centers, the Joint Center for Political Studies and the Institute of the Black World (IBW)

⁸³. The Ford Foundation was a major player in the founding of the Joint Center, while IBW was closed in 1976, due to a lack of financial support. Says Smith, the IBW’s liberationist politics “did not conform to that preferred by American corporations and foundations,” while the centrist-oriented Joint Center continues today with unrestricted general support from Ford. While the Joint Center’s work has elevated it to a national resource about Blacks in the U.S., according to Smith, it

...was created to “ease the transition” of blacks...away from movement-style politics. It has done this and in doing so has...helped to render post-civil rights era black politics largely an elite, hierarchical phenomenon that is largely irrelevant to the internal problems of the black community or to the mobilization of the resources that might result in system responsiveness to the post-civil rights era black agenda.⁸⁴

Another example of the moderating influence of government and foundations operating together is the history of the community development corporations (CDCs), “an organization whose origins in the movement for black economic self-determination distinguished it from the more traditional small business(es)...Such corporations had been cropping up in black urban neighborhoods for several years, and in the early 1960s some of the most prominent were linked to indigenous efforts to establish an alternative to white capitalist control. Under government and foundation auspices, CDCs were deradicalized and professionalized, and developed a keener eye for the “bottom line.”⁸⁵

Both foundations and the federal government have been sharply criticized for their approach to issues of racial inequality in poor communities.⁸⁶ Alice O’Connor has

detailed the historical practices of race neutrality in government and foundation-funded policies of community development that effectively submerged the issues of white supremacy and racial discrimination in federal community development policy from the 1950s to today. By never explicitly addressing racism as an issue, and rooting economic development strictly in profit-generating models without critically assessing their effects on poor communities of color, they perpetuated societal and class disparities.

One volume seeks to document the ways the Carnegie, Rockefeller and Ford foundations promoted a model of “behavioral” social science scholarship domestically and internationally. This model moved social science and public discourse away from radical critique and toward moderate or conservative approaches. Broad political issues such as inequality, patriarchy or racism were stripped of their normative contents and shaped as technical questions to be examined using “neutral” natural science models and quantitative methods solely⁸⁷. As a result, complex political questions and alternative approaches, from many forms of qualitative research methods to radical political theory, became “inappropriate,” and existing social structures were assumed to be “rational” and unquestionable.⁸⁸ For instance, for many years, the discipline of political science limited study of the role of citizens in a democracy to issues of voting behavior. Normative discussions about solutions to economic, gender or racial inequality were rendered largely irrelevant by the dominance of quantitative social science models. Addressing issues of power and wealth distribution in society were held to be unprofessional.

Interestingly, two of the Ford Foundation’s most popular programs currently are

its graduate fellowships for students of color and its post-doctoral fellowships for “minority scholars”. A number of progressive and left students of color have earned Ph.D.s in the social sciences or benefitted from post-doctoral fellowships through Ford’s assistance.

Foundation practice has important implications for policy debates. Mary Anna Culleton Colwell’s study of 77 foundations (including 20 that gave in the area of public policy) established that private foundations make grants to influence public policy, from a perspective of “democratic elitism...and a commitment to the free enterprise system” (p. 193). While she found recipient organizations that were oriented toward social change, “foundation control of grant-making decisions means that it is the foundation assumptions that prevail” (p. 194), and “the efforts of policy-planning and activist organizations (are) restricted, channeled or determined by the foundations that fund them” (p. 195). In addition, she found that foundation efforts to influence public policy were generally successful⁸⁹.

Contemporary

More current literature on foundations and their relationships to social movement organizations reflects a developing research practice. There is less description documenting manipulation of organizations, and more theorizing about the issues that affect foundation/grantee relationships, particularly in social change arenas. Foundation control continues to be a paramount concern. Important new issues, however, concern the rise to prominence of market-based solutions as the basis for resolving social

problems, the funding practices that have fueled the rise of the Right, and the responsibilities of SMOs to remain true to their missions in the quest for survival.

The very nature of inequality in philanthropy is contested in some of the newer research. Whereas most scholars on foundations and SMOs evince a concern that foundations would move SMOs to the right, Nagai, Lerner and Rothman are concerned that foundations are attempting to push a liberal agenda. They portray the world of social change philanthropy as populated by “multiple elites” (as opposed to a ruling class) who fund, for the most part, nonideological or liberal projects (Nagai, et al, 1994). A critique of their work notes that their funding comes from right wing foundations (Ostrander, 1996). She believes this may have biased their results, particularly because their alarmist tone neglects to mention the low level of funding that goes to this kind of social change.

Their findings are in sharp contrast to a carefully researched study of the philanthropic elite. In *Charity Begins at Home*, Teresa Odendahl delves into the meanings and motivations of philanthropy for the very wealthy, situating their actions within the political economy. Based on her ethnographic analysis of large donors and the results of their giving, she concludes that

The philanthropy of the wealthy serves many purposes, but primarily it assists in the social reproduction of the upper class. Private contributions by the elite support institutions that sustain their culture, their education, their policy formulation, their status, in short, their interests.⁹⁰

This has tremendous implications for relationships with foundations, because it implies that even grants given to SMOs can play a role in reproducing social inequality. More subtle than a social control perspective, this argument asks us to evaluate the role of

the very wealthy within society at large. And it calls into question some important issues about whether it is a contradiction for progressive or left groups to fundraise from the wealthy. While SMOs may well choose to continue accepting grants from foundations, reflection on their strategic aims *vis a vis* the social position of foundations might well yield some interesting conclusions about political movement building in the U.S.; namely, how SMOs and movements will seek to address inequality and redistribution of wealth and power in the U.S. and the role of the wealthy within that goal.

In considering the ways SMO-foundation relationships may or may not contribute to the weakening of political practice of SMOs, it is important to clarify what factors come into play as the SMO makes the decision to change in some way. Some of the most important debates among scholars involve the importance of internal (organizational) vs. external (environmental) factors in affecting decisions of SMOs (Cress, 1997). However, other studies concern themselves with such issues as organizational flexibility in adapting to change (Minkoff, 2001; Minkoff, 1999), identity and accountability within SMOs (Ostrander, 1999), and class differences between donors and organizers in SMOs (Silver, 1998).

Minkoff's 1999 study of organizational flexibility in response to different pressures showed that a number of factors resulted in organizations changing their "core strategy" and/or disbanding. She analyzed listings in the *Encyclopaedia of Associations* for a 30 year period to assess, from self-reported descriptions, whether organizations had changed and what had caused them to do so. She tested a series of relationships between the level of environmental climate and the increase or decrease of activism. Included in her analysis was the level of foundation sponsorship. While her findings were indirect,

she was able to reveal that foundation funding provided

“...a context within which movement-affiliated organizations are able to adopt more direct forms of institutional action...(T)hese findings question the established wisdom that foundation patronage necessarily channels social movement activity and voluntary organizations into more moderate directions—at least in terms of the process of organizational change” (Minkoff, 1999:1688).

Jenkins (1998), directly observed the effect of foundation funding on SMOs through a similar content analysis, 30 years worth of foundation giving information along with abstracts of news stories from the *New York Times Annual Index*. He found that while foundations prefer to fund the moderate organizations within any social movement (as opposed to the ‘indigenous’ or grassroots organizations, which can often be more militant), thus providing a moderating effect in those instances, they also offer opportunities for professionalization (there are debates on whether this is a good thing), and enhanced funding for more effective campaigns.

While not directly observing the issue of foundation funding, Cress (1997) studied the effect of the attainment of 501(c)(3) status on SMOs in homeless social movement organizations. Using a grounded theory approach, Cress explored the ways legal nonprofit status affected organizational autonomy and political moderation. Cress distinguished between moderation of tactics and frequency of use. He found that it was not nonprofit status itself that was connected to political moderation, but the path by which the organizations arrived at the decision to incorporate. However, while tactics were not moderated, frequency of use was affected, since staff that had previously worked only to mobilize political demonstrations found themselves concerned with the day-to-day management concerns of their projects.

With regard to issues of race, an insightful article by Arlene Scully explores how

foundation funding can exacerbate tensions between ethnicities and within communities of color. By funding ethnic-specific projects and ‘anointing’ leadership from within specific communities, groups find themselves in inter- and intra-ethnic group competition against each other. The complexities of immigration status, skin privilege, professional privilege, class divisions within communities, rarely acknowledged but ever-present, can surface as groups vie for foundation funds⁹¹.

Profs. Manning Marable and Sudhir Venkatesh of Columbia University’s Institute for Research in African American Studies recently convened a recent national conference on Race and Philanthropy attended by organizations, scholars, and foundation staff. Some repeated themes, highlighted in the presentations of both speakers and participants, emerged, which may well form a research agenda for future scholars:

- 1) Foundations continue to practice or attempt to control organizations, from dictating hires to imposing management practices and unrealistic evaluation measures, to the detriment of progressive social change agendas.
- 2) Foundations promote a definition of white supremacy and racism as individual practice—that is, racism is limited to intentional behaviors by individuals. This prohibits the analysis of racism as a product of institutional arrangements, structural policies *and* individual behaviors. In this way, they passively support racist practices and institutions in the development of strategies and in research.
- 3) Of growing concern is the rise to prominence of market-based ideologies and the concomitant destruction of public space, whether it be in parks or neighborhood streets, or in a conception of a public and shared commitment to eradicating social inequality. As profit more and more drives social programs, difficult and complex processes (for instance, of building governance and democracy--not just involvement--and confronting white privilege) become less and less attractive to foundations urging their grantees to keep an eye on “the bottom line” of measurable outcomes.
- 4) The public implications of foundation practices. Social change organizations hoping to hold foundations accountable would do well to research and publicize the democratic issues inherent in the size of the tax breaks foundations receive for their charitable activities, their levels of giving, and

proposals by the new presidential administration to cut estate taxes and provide funding to religious organizations for their service work.

These themes produce a host of issues for future research, particularly about whether there are any similarities across organizations and foundations in relationships that are inappropriately controlling. How SMOs perceive foundation pressure and how they respond to it, the political consequences of acquiescence to perceived foundation pressure, and how race affects the relationship between SMOs and foundations are others.

The Radical Right and Liberal Foundations

If these are the problems that some of the more liberal foundations present to social change movements, the challenge of the far right and its funding sources is thornier still. In their work, *No Mercy: How Conservative Think Tanks and Foundations Changed America's Social Agenda*, Jean Stefancic and Richard Delgado study the role of foundations in financing seven different strategic campaigns that moved the public discourse and political context of the U.S. to the right: Official English, Proposition 187, the work linking eugenics, IQ and race, attacks on affirmative action, attacks on welfare and the poor, tort reform, and what they call “campus wars”—the battle of ideas on university campuses⁹². Examining the role that foundation funding played in these campaigns, they highlight for the reader a number of important tactics: first, that grants given finance intellectual work designed to shift mindsets; second that the grants given by foundations to finance this work are generally large, can be used for general operating expenses, and constitute multi-year funding. Here's an example of the kinds of grants given, this from the chapter on the attack on affirmative action:

❖ John M. Olin Foundation—grants totaling \$375,000 in one year to

three individuals who were fighting affirmative action: Robert Bork, Irving Kristol, and Dinesh D'Souza

- ❖ American Enterprise Institute, a right wing, freemarket promoting think tank which also fought affirmative action—*partially* supported in 1992 by Alcoa Foundation \$50,000, the Lynde and Harry Bradley Foundation (which in 1992, gave \$350,000 for general program activities plus \$120,000 for research, and a lecture series and \$50,000 for a fellowship program.) Ambrose Monell Foundation, which gave \$250,000 for general support, John M. Olin Foundation which gave \$296,650 (in addition to the grants mentioned above to fight affirmative action specifically), the Sarah Scaife Foundation \$225,000 for general operating and policy studies expenses, and Matilda R. Wilson Fund \$25,000 for general op. These grants, which are only a partial list of funders, totaled for 1992 \$1,366,650 (p. 63-64)⁹³.

The funding given by right-wing foundations represents careful and complex strategies that include greater focus on a small number of issues, selection of issues that buttress each other and the conservative movement as a whole, higher levels of funding to achieve success, multifaceted use of the media to publicize catch phrases such as “reverse discrimination,” “political correctness,” etc., funding of scholars to legitimize conservative viewpoints, training of young scholars in conservative viewpoints, the establishment of their own think tanks, and carefully developed use of rhetoric.

A number of pieces have been published in *The Nation* criticizing more liberal foundations for refusing to respond to the juggernaut of right wing funding.⁹⁴ Says David Callahan, “It is now beyond dispute that left-of-center funders have made a clamitous strategic blunder by underfunding public intellectuals and policy thinkers. This mistake is profoundly ironic. Who would have ever thought, thirty or forty years ago, that the right would come to believe more deeply in the power of ideas than the left?”⁹⁵ In addition, these foundation’s decisions to fund only discrete, defined issue areas, the practice of

funding only program work (as opposed to giving general support dollars), and funding primarily on the short-term precludes the strategic, systematic kind of thinking perpetuated by conservative foundations.

Alternative Foundation Practices

A new form of philanthropy, sometimes called “wealth organizing” has developed as philanthropists or activists who developed social consciousness during the 1960s work to disperse wealth along social justice lines. Many of these funds represent wealth generated among white families. Yet the politics of these funds are an attempt to fund social change. A good example of this wealth organizing can be seen in the establishment of funds such as the Liberty Hill Exchange, or the Jewish Fund for Justice. The book *Robin Hood was Right: A Guide to Giving Your Money for Social Change* provides in-depth advice to progressive philanthropists about how they can effectively donate.⁹⁶

These new funds generate a number of issues. One is the degree to which activists who are representative of funded communities have power in relationship to the wealthy donors which started the funds. Research on these funds concludes that while power is shared, it is not actually re-distributed as a result of these funds.⁹⁷ An example is the growth of “donor-advised” funds, funds in which the donors keep tight control on where and how their money is used by social change organizations⁹⁸. One foundation in the South required final say in funding decisions as a result of a \$50,000 grant.⁹⁹ Even so, the amount of donations by alternative funds was estimated in 1990 to represent less

than .01% “of the total giving of the wealthy.”¹⁰⁰

Relationships in Funding

Foundation funding usually makes up the majority of budgets for those organizations involved in social justice work. For many, foundation funding is considered easier to raise because it comes in larger chunks and does not necessitate the donor maintenance of individual donor campaigns. Additionally, foundation funding has supported numerous projects in communities of color that are designed to better living conditions, and that are supported by residents within those communities. Service providers, when not large enough to qualify for government funding, usually depend on foundations for their livelihood.

This raises the question of whether there are “good” foundation practices. If so, what do they look like? How do social movements and organizations become strong enough to hold foundations to them? In our perspective, only the kind of bottom-up strength that comes from grassroots organizing can create the vision of social justice and community development that should drive community efforts, that can hold foundations accountable to a two-way funding relationship, and that can develop alternatives to foundation funding for a more diverse, and therefore more stable, funding base.

Obviously, uncritical acceptance of foundation funding carries a price tag with it that should be examined. We hope that the work GIFT is doing to develop and highlight existing successful and diverse models of organizing and fundraising in social change groups will provide new avenues for stability and growth. This is especially important

for organizations that might not find foundations willing to fund solutions that may be radically critical of existing social structures and institutions.

What are the ways in which relationships can be shaped that support both the survival and the integrity of social change organizations?

There is a developing appreciation for the complexities of foundation-social change organization relationships. Says Debra Minkoff,

“Social movement organizations are, arguably more than conventional nonprofits, constrained by ideological commitments that define the most appropriate forms of organization, the desired degree of autonomy from the state, and the extent of accountability to the constituencies they serve or represent. They are also, by virtue of their political goals, likely to be defined as in conflict with the state and thus more heavily scrutinized by political officials, funding agencies and the public—especially in terms of the legitimacy of their activities and the credibility of their claims to nonprofit status.¹⁰¹

She portrays social movement organizations as needing to balance conflicting claims by allies, members, foundations, and government while remaining true to their mobilizing principles. Yet, even as they seek to balance, funders require the formalization of organizations, causing them to professionalize and shift ideological stances to ensure survival. Groups that have managed to weather the shifts have been able to incorporate the changes into their original mission and self-conception, or they have developed diverse activities and funding bases that leave them less dependent on any one source of funding.

The relationship between funder and recipient has been described sociologically, as one of “social relations,”¹⁰² in which the donor and the recipient of funds engage in an exchange in both directions. Depending on the perspective of the donor and recipient, the

exchange can serve the donor's interests solely, or it can become a partnership between donor and recipient in meeting important social needs in the community. While the donor provides important financial resources, the organization provides important time and expertise in both formulating rooted strategies to meet the need and providing staff time to implement them.

Another perspective proposes a “donor relations theory,”¹⁰³ in which recipient organizations are urged to recognize that “*All sources of donors...have potential for infringing on the autonomy of charitable organizations through their gifts; All types of charitable organizations...are vulnerable to losing autonomy during the process of raising private gifts; All gifts...have potential to affect organizational autonomy negatively.*”¹⁰⁴ By recognizing this reality, organizations can more explicitly understand the *actual* costs of accepting a gift. Accepting or declining gifts based on their actual costs (financial help compared to potential loss of autonomy, for instance) may be one way to safeguard the integrity of community organizations.

The point is that communities of color have a choice in how they approach funders, whether “hat in hand,” or as partners in a relationship to create positive change in their communities. The responsibility to construct progressive visions of change from rootedness in the community and through careful consideration of the community's priorities, rather than the donors', rests squarely on the shoulders of those doing the fundraising.

CONCLUSION

Philanthropy in Communities of Color

Clearly, cultural history and the experience of racism and discrimination in the United States impacts the giving practices in communities of color. Informal giving to help newcomers or the down and out is a regular practice, whether the receiver is family or not.

The generation of new wealth has resulted in a recent transition in giving from a survival- and need-driven emphasis to a focus on “legacy” or quality of life issues. This means the opportunity for more planned giving, and the development of such practices as bequests. It also raises questions about the role of elites in communities of color.

Giving without thought to tax benefit are regular practices in these communities. What appears most important is that the giver personally know the organization or its staff, or that the mission is an important one for the community. The sense of “giving back to community” is a strong motivation for giving across communities of color, especially as individuals prosper over time.

Community, or federated, funds in different communities of color are growing and appear here to stay.

Existing foundations will find themselves scrambling to devise new strategies to attract new philanthropists of color, in competition with these banks and other financial institutions that have long histories in attracting investors.

Finally, sharing philanthropic practices in communities of color will foster understanding and respect, and will also serve those organizations that are still sharpening their fundraising skills.

Foundations and Social Movement Organizations

The role of foundations in social change movements is complex and occasions political questions relating to autonomy, integrity, control, and inequality. While foundations fund projects that neither government or corporate foundations will fund, SMOs that accept these funds enter into relationship with the foundations—relationships that can present difficulties for SMOs because of the possibility that foundations will “channel” the direction of their work.

As more research becomes available, the complexities of these relationships are illuminated. SMOs have an obligation to critically examine their relationships with all of their funders so that they can ensure that there is no danger of a loss of mission as they accept donations. The role of SMOs in relationship with foundation can be re-cast to one of “social relations,” in which SMOs see themselves as equal partners with foundations, doing in the community that which the foundation is unable to do.

Foundations are an important feature of the political landscape, but they often operate with little or no public scrutiny. While some characterize foundations as ineffectual and offering too little too late, others have documented their impact on policy, leadership development, and the direction of political movements. Understanding the impacts of foundations can help SMOs better manage their relationships with them, or even choose to raise funds through alternative means.

Future Research

This topic occasions a number of questions that could serve as a future research agenda. Among them:

What are the best ways to financially sustain progressive movements and organizations, particularly in communities of color?

What is the role of leaders of color in fundraising in their own communities?
How is leadership developed that is accountable to communities, rather than funders?

How do we want to think about the role of foundations and the role of the state, or government, as we consider what it means to create viable organizations and develop our communities? In considering strategies for the redistribution of wealth, all of these institutions, as well as consideration of the source of the wealth, need examination.

What are the ways that accepting foundation dollars has helped our communities or hurt them? What kinds of relationships do we want to develop with foundations?
What kinds of practice should guide our interaction with foundations?

What do successful models of fundraising have in common and how do they connect to successful organizing?

As we move ahead, GIFT hopes to contribute to this discussion by researching successful models of organizing, successful models of fundraising, what communities themselves are saying about their relationships with funders, how foundations are practicing in communities. From this information, we hope to develop some ideas about how organizations can develop relationships with funders of all types, whether foundations, corporate, or individual donors, and how we can continue exploring ways to redistribute wealth more justly in the U.S.

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