

INNOVATIONS IN PHILANTHROPY: TOWARDS A NEW IDEOLOGY FOR INTERNATIONAL GIVING

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Philanthropic foundations have always been an important part of the American ethos. In recent years, however, the value and purpose of philanthropy have been increasingly questioned. In this article, Augusta Pipkin reviews the work of the major foundations in the field of international affairs, and finds that their influence and importance are now diminishing because of increased government involvement in international aid programs. Ms. Pipkin argues that large foundations such as Carnegie, Ford, and Rockefeller have been affected more seriously than have the newer, smaller foundations. By selecting specific aims and by seeking to influence government policy on particular issues, the smaller foundations have been more successful in coping with growing governmental involvement, she concludes.

Organized philanthropy did not originate in the United States. A "product" of the Catholic church and the notion of poverty as the ideal Christian state, it was exported to the United States with the first settlers. But the foundations which dominate philanthropy today are the product of the nineteenth-century economic and geographic expansion of the United States. The three largest and most influential foundations — Carnegie, Ford, and Rockefeller — were all established in the first half of the twentieth century. Since that time, secular philanthropy has become an American phenomenon, and today, over twenty-thousand philanthropic foundations are based in the United States.

Despite the expansion in number and function of foundations in the United States, the value and purpose of philanthropy are increasingly being questioned. Robert Arnove asserts that "foundations like Carnegie, Rockefeller, and Ford have a corrosive influence on a democratic society; they represent relatively unregulated and unaccountable concentrations of power and wealth which buy talent, promote causes, and, in effect, establish an agenda of what merits society's attention."¹ Critics less harsh than Arnove are also asking what, exactly, are the functions of philan-

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1. Robert F. Arnove, ed., *Philanthropy and Cultural Imperialism* (Boston: G. H. Hall, 1980), p. 1.

thropy and the philanthropist? With new tax laws encouraging massive corporations to enter the "business" of philanthropy, can such activity still be regarded as "philanthropic"? These are questions to which there are no simple answers. Contemporary critics argue that the older and larger foundations have never been philanthropic institutions. Instead, philanthropy is seen as a tool of the American capitalist system in which foundations give their money to foreign countries only to increase American dominance throughout the world.²

Others, more cautious in their criticism, have argued that the presence of palpably good works exonerates the work of foundations despite massive program failures. Characteristic of this group is Adam Yarmolinsky who argues that "the flexibility and the increased availability of expertise that government (and public international organizations) can obtain by drawing on private resources . . . enormously increases the efficiency and effectiveness of public sector operations." He also adds that "the traditional justification for private philanthropy rests on the virtues of pluralism."³

Clearly foundations are going through troubled times. As a result of bad investments, the Ford Foundation lost half its assets in the 1970s. At the same time, recent government cuts in numerous national and international programs have pushed foundations to attempt to assume larger financial burdens. On the other hand, increased governmental spending in other areas has served to make foundation money either redundant or ineffective. The greatest question facing foundations today, then, is how they will confront the vast growth of government funds and the comparatively tiny growth of their own resources.

As most foundations see it, the problem is a three-tiered one: how to cope with 1) the fact that government funds are the controlling factor in the life or death of most projects initiated by foundations today; 2) government cuts in funding effected after a program has been started and which often leave foundations "holding the bag"; and 3) increasing government encroachment into foundation policy-making, marking an attempt by government to direct foundation policy in international development aid.

These three aspects of the problem confronting philanthropists and foundations are most evident in international affairs. Traditionally, foun-

2. In this school of critics, see most notably Edward H. Berman, *The Influence of the Carnegie, Ford, and Rockefeller Foundations on American Foreign Policy* (Albany: State University of New York Press, 1983) and his articles in Robert F. Arnove, ed., *Philanthropy and Cultural Imperialism*.

3. Adam Yarmolinsky, "Philanthropic Activity in International Affairs," in *Research Papers*, Sponsored by the Commission on Private Philanthropy and Public Needs, Vol. II, part 7 (Washington, D.C.: United States Department of the Treasury, 1977), p. 74.

dations held a monopoly on international giving, if only because they were in the business before government. For example, in the early part of the twentieth century, foundations gave as much money to their international programs as the government gave to domestic programs. Internationally, foundations played a major role in agricultural development, education, and health care in many third world countries. Now, however, that situation has changed drastically. But the problems facing foundations are deeper than the retention or loss of a monopoly in the field of international philanthropy. For if foundation funding is losing its effectiveness, the result will be the loss of pluralism in international development aid. With increasing government control of international projects arising from the magnitude of government funding, the United States will lose its only significant alternative source of funding for overseas projects and its only dissenting voice in developmental aid policy. Developing countries in turn will lose their only major alternative source of U.S. aid outside of the United States government.

Foundations are attempting to cope with these limitations on their grant-making potential in different ways. One of the most intriguing is in the types of programs initiated by the newer, smaller foundations. Because of their size, these foundations are able to maintain tighter control over their projects and they are venturing into areas relatively new to philanthropists. Also, because their funds are more limited than the larger foundations, the smaller foundations are beginning to coordinate their efforts in order to increase the potential impact of the projects they fund. David Hunter, a New York philanthropist and Sidney Shapiro of Boston are examples of this new breed of philanthropists. Linking potential philanthropists with existing projects as well as foundations, they are allowing donors themselves to choose the programs which they fund.

But more exciting and potentially more dynamic than collaborative efforts is foundation involvement in "problem-solving." Smaller foundations are funding institutes such as the Institute for Policy Studies which have been established to research national and global problems. Such research is expected to offer "solutions" to these problems. Many of these institutes aim to affect U.S. government handling of the issues studied.

This new effort of philanthropic foundations to affect U.S. domestic and international policies directly reflects an emerging trend in philanthropy: foundations are beginning to follow a more specific pattern in their funding, giving mainly to institutes and projects which tend to share their point of view. A classic example of this new direction in philanthropy is the funding of institutes studying and critiquing nuclear weapons and strategies. Although it may be argued that foundations

have always been partial to a specific side of an issue, it will be seen, that the role for philanthropy which is being formulated by these smaller foundations is significantly different from what it has been in the past.

I. THE EVOLUTION OF INTERNATIONAL PHILANTHROPY

Philip H. Coombs, in *The Fourth Dimension of Foreign Policy* argues that "through strategic demonstration projects at home and abroad in foreign area studies, language teaching, community development, and other fields these foundations have many times given light and guidance to governments all over the world, including our own."⁴ Edward H. Berman, however, regards the relationship between foundations and government in international development programs as both more incestuous and less well-intentioned. As he says in his most recent book,

"[my] . . . focus on the foundations' overseas activities introduces a heretofore overlooked element into the analysis of United States foreign policy: the support provided by non-government agencies on the elaboration and extension of a worldview commensurate with the economic, military, and political hegemony of the United States."⁵

He adds that his work also "documents the important role played by the foundations in their support for certain domestic cultural institutions (particularly universities), whose activities help to legitimate the system of state capitalism."⁶ However, both Coombs and Berman exaggerate the ability of foundations to affect United States foreign aid policy-making.

When first established, both the Carnegie and Rockefeller foundations were very active in international problems. In its first month of existence the Rockefeller Foundation created an International Health Commission and soon thereafter a study was begun which led to the creation of the China Medical Board. During its first years the Foundation's focus was unquestionably on health — developing a vaccine for yellow fever, and eliminating many types of malaria in Africa and Latin America. Mid-century, however, the Rockefeller Foundation began to spend less money on health problems and more on agriculture. The foundation was largely responsible for the so-called "Green Revolution," the production of new strains of rice, wheat, and corn with higher yields per acre, work for

4. Philip H. Coombs, *The Fourth Dimension of Foreign Policy: Education and Cultural Affairs* (New York and Evanston: Harper & Row, 1964), p. 71.

5. Edward H. Berman, *The Influence of the Carnegie, Ford, and Rockefeller Foundations on American Foreign Policy* (Albany: State University of New York Press, 1983), p. 4.

6. *Ibid.*

which a foundation staff member, Norman Borlaug, received the Nobel prize. All of this work, it must be remembered, was carried out independently of the U.S. government.

The Carnegie Foundation was also involved in international philanthropy from its inception, but its funds were channeled into education as opposed to health or food. Carnegie was active in Africa in its early years, particularly in establishing universities.

The Ford Foundation, though established later, became very active in international affairs, initially equalling and later exceeding the spending of the other two foundations. Like the Rockefeller Foundation, its efforts were largely in areas of health, food supply, and population control. It is clear that many of these projects, most notably the African university systems initiated by the Carnegie Foundation, have proven to be less than successful. It is argued that programs like those establishing the African universities, merely perpetuated the class system within developing countries, creating "national elites" who in turn exploited their own countrymen as the foundations (and by extension the United States) exploited them. Indeed, Robert F. Arnove asserts that major foundations and philanthropists have been no more than latter-day imperialists.⁷

Critics of modern philanthropy, however, have been just as blind to the importance of private aid in international development as its supporters have been to the problems involved with the presence in developing countries of institutions capable of spending large unregulated amounts of money where they please. It remains to be seen whether such early philanthropic efforts were part of a government policy of extending United States hegemony throughout the world (or further, that foundations were "partners in kind" with the government), or simply reflective of the "American mood." Traditionally, foundations saw themselves neither as profit-making institutions, nor an arm of the government, but as ground-breakers, initiators in the field of international development aid. Indeed, present projects initiated by foundations are often in opposition to government projects. In whatever light we regard foundations, however, it is clear that there has been a gap between the foundations' perceived international role and their actual impact.

This gap between the philosophy and the actuality of philanthropic efforts can be better understood if we examine the foundations in their historical context. When first established, the large foundations were seen by their founders not merely as a means to use their vast wealth to extend their power and influence within society, but as a way of using that wealth to benefit society. As Barry D. Karl observes,

7. See Robert F. Arnove ed., *Philanthropy and Cultural Imperialism* (Boston: G. H. Hall, 1980).

"that they were capitalists who saw capitalism as the source of American development should not detract from the basic insight they shared with many of their British Victorian counterparts: that there was nothing inherently moral about the accumulation of wealth and that the basic sources of morality needed to govern the process of accumulation had to come from outside the process itself."⁸

Karl notes that the process of philanthropy has been evolving for the last eighty years. The philosophy of the men who first institutionalized philanthropy within the United States was by no means coherent, and this lack of coherence continues today. Still, the early philanthropists, did seek to do more than simply extend their industrial empires; they saw themselves as leaders in international development.

At the same time, though, it is very hard to view the philanthropic efforts of the early foundation leaders apart from governmental efforts, for it is true that where they led, they expected government to follow. Foundations, they felt (and many still do), "initiate [and] . . . influence public opinion, and then government has to follow and take over."⁹ To a certain extent, then, the early foundations saw themselves as formulators of government policy. At the same time they zealously guarded their independence from governmental control, and among foundations today independence is still a primary goal. Such independence from governmental fetters is necessary, for it is in public affairs, in areas dominated by government money and government policies that philanthropy takes the most risks and receives the greatest payoffs. By its very nature, private philanthropy, on a national and an international scale, states quite explicitly that through its involvement in the decision-making processes, the process of government will be altered, and thereby improved.¹⁰

It is this role of devil's advocate, so to speak, or of a giant calibrator,¹¹ which philanthropy has seen itself as playing in the international arena. Selecting areas for development assistance (both geographical and conceptual), foundations have tried to point out new directions for government aid. By providing developing countries with an alternative source

8. Barry D. Karl, "Philanthropy, Policy-Planning, and the Bureaucratization of the Democratic Ideal," *Daedalus* Vol. 105, no. 4, Fall, 1976, p. 136.

9. Zuckerman, "Summing Up," in *The Future of Philanthropic Foundations*, Ciba Foundation Symposium 30 (Amsterdam: Associated Scientific Publishers, 1975), p. 217.

10. Jane H. Mavity and Paul N. Ylvisaker, "Private Philanthropy and Public Affairs," in *Research Papers*, Sponsored by the Commission on Private Philanthropy and Public Needs Vol. II, part 7 (Washington, D.C.: United States Department of the Treasury, 1977), p. 816.

11. Peter Stanley, an educator who works at the Ford Foundation, first mentioned the term "calibrator" when discussing the Foundation's role in international affairs. I have since used the term to describe how most foundations define their public role.

of aid to that of the U.S. government, and by providing the U.S. government with alternative points of view concerning development programs, philanthropic foundations have fostered a pluralism that encourages new initiatives. According to Adam Yarmolinsky, private funding sources may or may not be more responsive to new ideas. Government tends to wait for the development of a public constituency for a new idea, and to be put off by an active veto group; and foundations, since they have no popular constituencies, also tend to be generally cautious.¹² Historically speaking, however, the Ford and Rockefeller foundations have been pioneers in two important areas — population control and crop yields in developing countries — before the U.S. government was ready or willing to do so.¹³

II. THE ROLE OF PHILANTHROPY TODAY

Foundations and their administrators are finding it increasingly difficult to define their role as they have defined it in the past. The rapid growth of government and of governmental involvement in foreign aid has made foundation money insignificant in many areas. To a large extent the foundations' early reliance upon government to follow their initiative is now threatening their independence and their *raison d'être* for past (and present) involvement in foreign affairs. The rapid growth and bureaucratization of institutionalized philanthropy have also affected the ability of the larger foundations to be at all "spontaneous" in their giving. Larger, more bulky, and with an ever increasing paid staff, the older foundations have become structurally similar to government itself. The Ford Foundation has the largest paid staff of all private foundations. Its enormous size has rendered it slow to respond to areas needing attention and tends to make Ford more conservative in its international programs than Rockefeller, Carnegie, or Lilly, for example.

The extensive growth of the older foundations is the natural result of more demands for greater amounts of money — demands which need to be scrutinized before funding is given. This process requires a greater number of "experts" who are capable of judging the need for and feasibility of proposed projects. The growing dependence on government duplication of funds to ensure the success of many projects has also made the larger foundations more conservative. In areas such as disaster relief and food aid, for instance, the larger foundations work in conjunction with the Agency for International Development (A.I.D.). When A.I.D. and the World Bank set up the Consultative Group on International

12. Yarmolinsky, p. 775.

13. *Ibid.*

Agricultural Research both Ford and Rockefeller became involved in the management of the new research centers, committing funds as well as staff to the program.¹⁴ But this special relationship between foundations and government has not resulted in a conjunction of manpower because government funds are often re-called or re-allocated before specific projects are finished, leaving the foundations with the responsibility for them. Because of the sheer size of the government and its bureaucracy as well, foundations are losing their ability to be spontaneous and innovative with the funds they possess.

In a recent study of foundation administrators, for example, 41 percent of those administrators replying suggested that they would like greater involvement in designing and administering projects. Only 21 percent felt that their job gave them the opportunity to be creative and constructive and to have access to needed funds for implementing such ideas. A mere 4.3 percent indicated that their job offered them the possibility of filling social needs not filled by government or personal philanthropy, and only 4 percent felt that they had the opportunity to influence prospective philanthropists to use funds constructively.¹⁵ Clearly these responses suggest that there is a lack of initiating power given to the staff of the larger foundations. In smaller foundations, of course, much of this work is done by the trustees and officers of the foundation. Such trustee involvement in all aspects of foundation work (such as project development, implementation and evaluation) has made them both more innovative and less fearful of governmental cutbacks in international funding. More importantly, perhaps, the trustees of the smaller foundations are able to be more critical of their own work because of their immediate contact with their programs.

The lack of initiative given to the administrators of the larger foundations also reflects a certain lack of initiative on the part of these foundations. Arnold Zurcher and Jane Dustan succinctly summarize the greatest frustrations of the foundation administrator: "the highest frustration level is reserved for the failure of a foundation to evaluate performance and measure what it does."¹⁶ This absence of project evaluation on the part of foundations has resulted in both stagnation and ineffectiveness. Forced to compete with government money, foundations cannot *afford* to waste money in projects which are neither effective nor necessary.

Other problems identified by Zurcher and Dustan include: "administrative weaknesses [such] as an overabundance of paper work, lack of care

14. Arnove, p. 307.

15. Arnold Zurcher and Jane Dustan, *The Foundation Administrator* (New York: The Russell Sage Foundation, 1972).

16. Zurcher and Dustan, p. 104.

in investigating proposed philanthropic investments, insufficient foundation contact with projects the foundation may be financing, unwillingness to invest in projects likely to pay off only over the long term, and a tendency of the foundation to support projects of a favored trustee or staff member."¹⁷ (By "staff member" we are here referring to officers, not administrators). All of these problems are indicative of larger, more systemic, problems facing foundations today. After studying these problems, James Douglas and Aaron Wildavsky observe that: "the surface manifestations of foundation malaise should now be clear: superfluous if they act like government and damned if they do not. If foundations adopt the position that they should do whatever government does not, they bite the hand that feeds them. If they adopt the position of doing the same as government, it becomes unnecessary for them to be fed."¹⁸ At present, foundations are meeting opposition from government because "it is not so good to be absolutely larger [than other organizations] and relatively smaller [than government]. For now, foundations find that they are more visible and less powerful vis-à-vis government."¹⁹ For however widely foundations distribute their funds, they will never be able to match constantly increasing governmental assets.

Foundations and their administrators are very much aware of these problems. In 1973 a Ciba Foundation Symposium with the Josiah Macy Jr. Foundation was held on *The Future of Philanthropic Foundations*.²⁰ Among those present was the late John Knowles, President of the Rockefeller Foundation, who was vociferous regarding government encroachment on foundation independence. He described present foundation problems as resulting from efforts on the part of government to direct foundation policy: "the question now is: will democratic governments be able to afford perpetually the luxury of pluralism and voluntaristic approaches? Will this value be retained when the drift is towards more and more central governmental control of attempts to solve the complexities of modern social issues? Will we have heterodoxy or government orthodoxy?"²¹

This issue of tighter governmental control over foundation activities is one of the central concerns of foundations today. As Knowles again observed, "generally speaking, the more foundations do that the govern-

17. *Ibid.*

18. James Douglas and Aaron Wildavsky, "The Knowledgeable Foundations" in *The Future of Foundations* (Change Magazine Press), pp. 30-31.

19. *Ibid.*, p. 31.

20. The official publication of this symposium is *The Future of Philanthropic Foundations* (Amsterdam: Associated Scientific Publishers, 1975).

21. *The Future of Philanthropic Foundations*, Discussion, pp. 8-9.

ment does not want to do or is fearful of doing, the more governmental control they get. And more and more issues are social ones with strong ideological and political implications."²² Areas now funded by foundations include human rights group such as Amnesty International, and groups studying problems of international conflict such as the Fund for Peace. Ford foundation money, for instance, helped found the Institute for Strategic Studies.²³ But these issues are ideological issues — issues over which government would like to exert some sort of control.

In many respects, such governmental control over the foundations is increasing. The Tax Reform Act of 1969, for example, placed a series of new limitations on a number of different kinds of activities of private foundations. Some of these restrictions limit foundations' political activity. Most, in fact, apply to activities which might influence the outcome of public elections.²⁴ If applied widely, however, this act could destroy much of what remains of foundation independence. A public election, for example, could be defined as any public election in any country. This definition would severely limit the foundations' activities overseas in troubled countries such as Nicaragua or the Philippines. By restricting foundation activities which may "influence legislation" or "affect public opinion" the U.S. government is in effect limiting the foundations' independence from government and their ability to change United States public policy.

While the Tax Reform Act of 1969 is only one example of governmental intrusion into foundation policy-making, it represents a discernible trend. The larger foundations are becoming increasingly aware of the restrictions placed upon their funds due to the expanding scope of governmental aid. Many Private Voluntary Organizations (PVOs), for example, are receiving half of their funds from the A.I.D. Between 1974 and 1980 the number of A.I.D. registered PVOs (those entitled to receive funding from the United States government) increased from 91 to 138.²⁵ The percentage of governmental (public) funds given to A.I.D. registered PVOs has increased from 30 percent in 1974 to 55 percent in 1980. Both CARE (the Cooperative for American Relief Everywhere) and the People-to-People Health Foundation (Project HOPE) receive 47 percent of their funds annually from the U.S. government through A.I.D.²⁶

22. *Ibid.*, p. 15.

23. Yarmolinsky, p. 787.

24. "Regulating the Political Activity of Foundations," *Harvard Law Review*, Vol. 83 no. 8 (June, 1970), p. 1843.

25. *Overseas Voluntary Aid*, (Washington, D.C.: U.S. Agency for International Development, selected years).

26. *Ibid.*

Other organizations, such as the Asia Foundation, the Overseas Education Fund, the International Rescue Committee, the National Council for International Health, and the Planned Parenthood Federation of America, received 84, 73, 64, 61, and 80 percent, respectively, of their funds in 1984 from the U.S. government.²⁷

Instead of working *with* (or at least in conjunction with) government as they have done in the past, foundations are working *against* government in an increasing number of areas. Both the Ford and Rockefeller foundations, for instance, have left the field of family-planning programs due to increased governmental spending in the area. The Ford Foundation now spends more than 10 percent of its funds annually to promote research in reproductive biology, the sort of research not generally undertaken (in international terms) by the U.S. government which looks for more visible, and thus short-term, results in its projects.²⁸ In areas such as funding for Central America and the famine- and drought-ridden countries in Africa which are under marxist rule, foundations provide the only American alternative to aid from the United States government — aid which is often given conditionally, or not at all. Aid to Nicaragua as well, has been eliminated under the present administration, aside from the much-contested aid to the contras. Also, under the present administration, funding for abortion clinics overseas has been reduced drastically, and foundations have had to take up the funding ceased by the government.²⁹

But simple documentation of areas such as these in which foundations and government are in disagreement is not enough. The question we must ask is why are distinctions between government and foundation policies becoming more apparent. The answer to this question points to a new role for international philanthropy.

As government moves increasingly into broad, general international aid programs, which by their very nature reflect specific political interests on the part of the government, foundations have had to become more specific in their funding. Foundations are beginning to regard government funding as tainted by a specific policy goal related to the interests of the United States; government funding can destroy the legitimacy of a private organization, as did covert CIA funding of the U.S. National Student Association in the 1950s and 1960s.³⁰ Aid to countries such as

27. *Overseas Voluntary Aid*, (Washington, D.C.: U.S. Agency for International Development, 1984).

28. Yarmolinsky, p. 773.

29. Personal conversation with Peter Stanley of the Ford Foundation.

30. Yarmolinsky, p. 777.

Cuba, North Vietnam, and North Korea, not sanctioned by the government, can only come from private sources such as foundations.³¹

Foundation critics Arnove and Berman, though, still maintain that foundations serve as part of government in its attempt to utilize Third World resources for United States economic development. Recent trends in philanthropic activity, however, belie their assertion that imperialism forms the present philosophy behind philanthropy in the United States; foundations are becoming their own critics and critics of government as well. John Knowles best expressed the ideology of present philanthropic activity:

Most of us . . . are the heads of foundations which try to promote the well-being of mankind, so in our small ways we should be doing that as best we can. At one level we can focus on the problems of population expansion, which only two major foundations in the US are doing. Between us we now supply more money for basic research on these problems than the entire US government. Secondly, we can work on agriculture and institutionalize our concern in ways that will help to provide food. We cannot distribute this food or make people behave better in power structures around the world, and we don't intend to try doing that. Thirdly, we can focus on problems of health as a basic humanitarian concern.

In this statement Knowles is articulating a very different future role for philanthropy. By focusing more attention on research in international problems, he argues, foundations will be better equipped to aid developing nations. He continues:

After that, there is a new international order of problems. I am told, for example, that only a handful of economists in the world understand the present international monetary situation. Therefore foundations might support individuals, through fellowships, to develop a new breed of man who can try to bring some order and understanding to the international monetary situation. At another level universities in developing countries are specifically dealing with new forms of organization to contend with these issues. Some of the old models, such as the United Nations or other international agencies, are thought to be anachronistic.³²

31. *Ibid.*

32. *The Future of Philanthropic Foundations*, Discussion, p. 5 (John Knowles).

According to Knowles, philanthropy must move in the direction of "problem-solving." By spending more time and money on researching and analyzing problems and perhaps less on actual projects, Knowles believed that foundations would be able to have a greater overall impact on international development.

Indeed, the growing gulf between the standard of living in developed and developing countries has brought with it an increased awareness of the need for larger commitments on the part of developed countries. At the same time, though, there is an even greater need for increased spending by philanthropic institutions which are private, non-political, and more interested in the types of long-term programs which are needed in the Third World. These larger commitments on the part of foundations are needed because while governments often follow public interests, and in some ways are curtailed by it, foundations can move outside of present trends. Independent from constituencies and votes, they have an opportunity to mold public opinion.³³

In response to this increasing need for non-governmental aid foundations are slowly becoming critics of foreign aid programs — often initiated by foundations themselves — and are moving in new directions to change programs they see as ineffective or insufficient. Their role is shifting from a real, if unspoken, partnership with government in the field of international development to that of critic. Areas such as family planning (including funds for abortion clinics), human rights, and famine relief, for which funding has been provided by government in the past have become more politically-charged in recent years, and foundation aid alone remains politically neutral. Foundations are therefore no longer able to initiate projects with the expectation that government will follow them. Areas in which government funding was almost a matter of course have become political, and foundations, shifting their emphasis from large-scale funding of multiple projects to funding of research on specific problems are forming their own order of priorities for international aid.

III. NEW TRENDS IN INTERNATIONAL PHILANTHROPY

The last decade has witnessed a change in the philosophy of philanthropic giving. This new philosophy was clearly reflected in the Rockefeller Foundation's selection of John Knowles as its President. But an even more striking example of this new philosophy and purpose of philanthropy in international affairs can be seen in the newer, smaller foundations. While the older foundations are only slowly becoming critics

33. Zuckerman in *The Future of Philanthropic Foundations*, p. 218.

of their own policies, these small foundations, such as the Samuel Rubin Foundation, the Levinson Foundation, and the somewhat older Field Foundation, are criticizing not only the policies of the older foundations, but the process of philanthropy itself. Men such as David Hunter of the Stern Fund and Ottinger Foundation and Sidney Shapiro of the Levinson Foundation are shaping new avenues of philanthropic giving.

The smaller foundations are changing the very nature of philanthropy. To a large extent rejecting the "calibrator" role of the foundations, they are formulating distinct policy goals and funding projects which they see as sharing those goals. The Samuel Rubin foundation, for example, which makes grants totalling almost \$2,000,000 per year, tends to be fairly specific about the types of projects it funds.³⁴ Like other small foundations such as the Rockefeller Brothers Fund, the Haymarket Group, the Stein Fund, and the Stern and Ottinger Funds, the Rubin Foundation is more willing to fund particular projects, as opposed to general areas of interest. These foundations are also spending time and money on research, attempting to define problems and affect current *policies* and trends toward grant-making in general.

The Levinson Foundation, for instance, founded by Max Levinson in 1956, demonstrates a particular viewpoint regarding highly-charged political issues. Among the projects the Foundation funds (with only about \$400,000 per year to be given) are the National Committee for Responsive Philanthropy, Physicians for Social Responsibility, and the Program on Nuclear Policy Alternatives, a scientific-activist research program attached to Princeton University's Center for Energy and Environmental Studies.³⁵ Unlike the larger foundations and partly due to its very limited grant-making potential, the Levinson Foundation demonstrates a distinct policy preference in its grants; it tends to fund projects with a specific outlook on an issue, a policy which more and more foundations seem to be following. As Mrs. Ruth Field remarked in 1981 regarding the Reagan administration's cuts in federal spending, "changes in federal policy, including cutbacks in federal support for programs of social justice and social welfare, and new threats to civil liberties and to human rights place additional challenges before this Foundation."³⁶

David Hunter, President of the Stern Fund and the Ottinger Foundation in New York City, actually does much more in the field of philanthropy than administer the two foundations. "When . . . [he]

34. Unpublished material from the Samuel Rubin Foundation, 77 United Nations Plaza, New York, NY, 10017.

35. Richard J. Margolis, "Hot for Safe Energy," *Foundation News*, March/April, 1983, p. 33.

36. Unpublished material from the Field Foundation, 100 East 85th Street, New York, NY, 10028.

. . . discovers a worthy but struggling charity seeking money, he sends out a string of memos, alerting dozens of small foundations or philanthropists across the country."³⁷ In this manner Hunter has saved numerous projects or causes from early deaths due to lack of funding. "He's the father, or grandfather, or, if you are conspiratorially minded, he's the godfather of progressive philanthropy," says George Pillsbury of Boston.³⁸

Such new work in *linking* philanthropists and causes is becoming increasingly important as foundations are re-defining their role in international affairs. The issue of arms control is one example of an issue which is linking smaller foundations together. Many of the smaller foundations, taking a specific viewpoint on the issue of nuclear arms, have joined together to fund projects. Rob Stein of the Forum Institute, for instance, has observed that "the money and collaborative help foundations are giving could convert . . . [the] . . . fragmented collection [of arms control research groups] into a cohesive movement capable of making an impact on Government policy."³⁹ Such collaboration greatly increases the effectiveness of the smaller foundations.

Smaller foundations are also beginning to fund long-term projects which they see as capable of having an impact in the future instead of routinely expecting immediate results from their funding. Peter Stanley of the Ford Foundation noted that on the whole there has been a change in policy through the '70's from up-side funding to down-side funding.⁴⁰ Foundations are taking a careful look at the projects which they are funding and attempting to evaluate the long-term need for and effectiveness of those projects before continuing funding. Foundations no longer appear eager to fund new large-scale projects.

In response to the increasing amounts of government money flowing into international aid and U.S. Private Voluntary Organizations, foundations such as Ford, Carnegie, and Rockefeller are also changing their focus. First of all, they are emphasizing pilot programs — programs which require less initial funding and which are meant to be taken over either by the host country or by other organizations. On the whole, these pilot programs are both smaller in scope and more carefully monitored than previous foundation programs have been. Second, they are "networking," that is "supporting the creation of regional networks around new centers for the dissemination of knowledge and techniques."⁴¹ Third, foundations are focusing their attention on research in areas neglected by

37. *New York Times*, Sunday, October 14, 1984, p. 50.

38. *Ibid.*

39. Article from the *New York Times*, reproduced by *Independent Sector*, March 29, 1984.

40. Personal conversation with Peter Stanley.

41. Yarmolinsky, p. 773.

the government. These areas, not funded by the government for a variety of reasons, some political, include problems created by previous projects, often funded by both government and foundation money.⁴²

The approach of the smaller foundations to policy-making and the change in approaches to funding on the part of the Ford, Carnegie, and Rockefeller Foundations mark a departure in the way foundations are perceiving philanthropy and its role on the world. Foundations are becoming more specific in how they spend their money. As John Knowles said in 1974, the foundations are now selecting problems, demarcating areas not just of interest and concern but areas (again both geographical and conceptual) which need attention and funding on a long-term basis.⁴³ Thus foundations are beginning to commit themselves more consistently and more openly to an actual funding policy.

This dramatic change in policy which can be seen in many areas of philanthropy, is the result of dissatisfaction in philanthropic ideals concerning the nature and influence of philanthropy as we move into the twenty-first century. The Levinson Foundation, for instance, in funding the Committee for Responsive Philanthropy, is self-consciously its own critic. The recognition that foundations must develop a consistent policy if they are to be effective in their grant-making is the result of past failures and present difficulties in the field of international development aid.

The disparities between developed and developing countries, far from shrinking, are in fact increasing. The money given to underdeveloped countries (one third of the Ford Foundation's annual grants are "international") has not been effective for many reasons. A major reason is that too little has been done to continue programs already begun; hence the Ford Foundation's policy shift from up-side to down-side funding. This shift involves taking a close look at existing programs in an attempt to discover which are worthy of being continued and which are not. Another reason is that government often steps in and, once involved, changes policy in midstream — thus decreasing the chances for a program's success. Recent government cuts in funding for abortion programs in South America, for instance, have caused the Ford Foundation to shift its policy from one of education and family planning grants to grants to provide for abortion programs.⁴⁴ Thus in response to shifts in government policy, foundations must often backtrack, funding new efforts to combat old problems.

42. *Ibid.*

43. *The Future of Philanthropic Foundations*, p. 176.

44. Personal conversation with Peter Stanley.

This sort of back and forth activity is ineffective. Further, it has helped to perpetrate the idea that foundations work hand in hand with government, thus denying the very justification for foundation involvement in international aid policy-making. As Douglas and Wildavsky point out, "the very trends toward which the . . . foundations were contributing — an increasing understanding of social problems as manageable rather than merely inevitable and the assumption by government of activities initiated by foundations — were the very trends that [have begun] to undermine them."⁴⁵

IV. CONCLUSIONS

The problems facing the larger foundations are the results of years of expansion and years of approaching foreign development projects as initiators, rather than as long-term planners. Foundations are now putting less emphasis on merely initiating programs, and are becoming more concerned with developing long-term strategies. The smaller foundations, more innovative in their funding than larger foundations, are also proving to be more successful in their funding. Absolutely smaller, they have become relatively larger.

Collaboration among foundations, large and small, and initiatives in funding problem-solving research suggest a future role for philanthropy which is vastly different from the role it has played in the past. Today the smaller foundations are more effective than some of the larger ones precisely because they have sought out, and found, new directions for philanthropy. These foundations are actively engaged in policy-making — attempting to influence developmental aid planning from the top, not the bottom. By funding research into global problems, foundations will be able to increase the relative value of their funds. Unable to rely now as they could in the past on their financial strength to guarantee them an instrumental position in international aid, they are beginning to create a new and potentially more powerful role in policy-making. Also, by paying more attention to research foundations themselves are becoming experts in many different areas.

Of course, the criticism of the larger foundations is not to say that they do not have the ability to develop and implement programs. On the contrary, their size can be a powerful influence, should they follow the smaller foundations into the field of policy-making. McGeorge Bundy, past President of the Ford Foundation reflected this trend during his tenure. Bundy, of course, had extensive policy-making experience

45. Douglas and Wildavsky, p. 27.

from his days in government. During his Presidency the Ford Foundation began to take the initiative in funding more research organizations in such fields as population control and family planning, reflecting Bundy's own orientation toward policy development. Had John Knowles lived to implement his vision, it is very likely that he would have chosen this path for the Rockefeller Foundation.

The smaller foundations are leading the way into the field of policy-making because their limited funds require that they approach specific problems. They are more cautious than the larger foundations have been in that they strive to retain complete involvement in their projects, but more innovative in that they are unafraid to take a strong stand in defense of their grantees. The Levinson Foundation, for instance, remains intellectually and emotionally attached to all its projects: "much of the time it can be found in the thick of its grantees' battles, cheering them on and helping them to win friends and influence policies."⁴⁶ Of course this tenacity stems in part from the foundations' inability to rely on government to fund the projects which they initiate. Because more issues are political issues, the U.S. government has become less willing to follow, and fund, private philanthropic endeavors.

In order to retain their voice in the development of international aid policies — as they did in the past through their (comparatively) vast size — foundations must make themselves heard through their expertise. Such expertise in carefully chosen areas will give foundations a voice in the development of governmental policy. The future of philanthropy in policy-making lies in the willingness on the part of foundations to become intimately involved with their projects and to support them over a longer period of time with fewer immediate returns. Only through this type of funding can foundations — indeed, philanthropy as a whole — influence government *policy* and thus regain their ability help determine the directions which international development aid takes today and will take in the future.

46. Margolis, "Hot for Safe Energy," p. 32.