

**PHILANTHROPY AND EQUITY:
CHALLENGES AND OPPORTUNITIES FOR THE AMERICAN
SOUTH
BY
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I am pleased to have been invited to share my thoughts on philanthropy and equity in the American South. I grew up in Louisiana and I have many fond memories of both the people and the place: the sweet smell of magnolia, the magic of the Mississippi and the mystique of Cajun and Creole Cultures. But there was another side to those melancholy years of my youth; I was forced to study from hand-me down books in hand-me-down buildings. I walked miles past the white school to get to the so-called colored school on the other side of town and in the summers I picked cotton from sun up to sun down in the hot Louisiana sun.

As a child of the South who has known both good times and bad times, I was greatly pleased when John Egerton argued in a 1973 publication that after a long period of the intentional under development of some of its people, the South was coming back with “a bounce in its step; modern, acquisitive, urban, industrial, post-segregationist and intent on making it.” Returning to the South a few years ago after a long period of self-imposed exile, it did indeed appear that the South had a new bounce in its step. Of course, I may have been seduced by the beautiful fall weather in North Carolina, but I still think Peter Applebome had it right when he wrote of the South as a place where the weather is warmer, the people nicer, the prices lower, the pace of life saner, the greenery lusher and even race relations better.

There is no doubt that contradictions continue. I still meet people who remind me of the famous remark by Faulkner that the South is a place where “the past is never dead. It isn’t even past.” It is especially timely then that we pause to consider the catalytic role that philanthropy has played, and can still play, in advancing equal opportunity and promoting equity. The institutions of organized giving are uniquely placed and uniquely prepared to encourage experimentation and validate new ideas that other sectors may find too risky, and given their role as custodians of values as well as resources, they can play a major role in keeping people at the center of concern in a culture where power and markets are an increasing preoccupation.

Thanks to past *State of the South* reports we have abundant documentation of how far the South has come in contributing to the national effort to form a more perfect union, establish justice and promote the general welfare.

- 1) We have succeeded in dismantling the legalized racism of Jim Crow;
- 2) We have greatly increased educational and other opportunities for African Americans and the many newcomers transforming our civic culture and changing the face of the South.
- 3) We have made such progress in improving race relations in much of the region that the brain drain that saw many talented and skilled blacks moving North is now a brain gain with many moving back; and

- 4) Perhaps most importantly, we have continued the dialogue and continued the fight against injustice at a time when race is no longer on the table, if it is any where in the room, in many other parts of the country.

The fact that you have agreed to come together in this place at this time to address the challenges of philanthropy and equity is also an indication of the progress that has been made. Yet, while there is much to feel good about, there are still too many similarities to a cartoon I recall from the sixties. There was a picture of two groups of people clustered on both sides of a boat with a hole in the middle and each group saying, "Gee, that's a nasty leak, thank God it's on the other side of the boat." We in the South and throughout the nation are in the same boat and a hole in the middle could drown us all if not soon repaired. Not surprisingly, this is the best rationale I know for urging philanthropy's engagement with issues of equity. Our destiny, our wellbeing as a region, are now tied together; and if we do not act now, generations of youth will be under prepared, our capacity to thrive in a national and international economy will suffer, the progress we have made will be unraveled and the values we have affirmed will be eroded.

The South has led the nation in population growth and made remarkable progress in narrowing the deficits in educational attainment, health outcomes, and other indicators of wellbeing. Yet, we are reminded almost daily of the enormous equity gaps that remain. Philanthropy's vision for the future should be to help move the South beyond the tolerance of difference to valuing diversity, to an understanding that opportunities and outcomes are interrelated and to a commitment to give new life to the promise of equality in the workplace, the schoolhouse and our civic institutions. We cannot make any real progress unless we are willing to talk openly and honestly about the continuing role of color, class, culture and privilege. The question many may now ask is how can organized philanthropy make a difference when our resources are so small, both in comparison to other sectors and in regards to the challenges before us.

We have only to look to our history to begin to provide an answer. The methods of foundations are as diverse as the conditions they address, but if we have learned anything it is that there are many circumstances and conditions where small is not only beautiful but sometimes the most effective. To borrow the five Fs that once made the rounds in organizational theory, small units in some settings can be faster, more focused, more flexible, more friendly and even more fun. Make no mistake about it, we need large public institutions to meet large public needs, but philanthropy can be used to help hold them accountable, introduce new ideas and inspire and motivate citizens at all levels to take action. Given my own experience in various forms of philanthropy, I want to share with you six observations that I believe might be helpful for anyone contemplating the challenges and opportunities of promoting equity through strategic philanthropy.

1. We need to clarify the distinction between philanthropy and charity.

The most often cited example of charitable relief is the story of the Good Samaritan. We are told that a traveler finds someone badly beaten along the side of the road and stops to help. Suppose that same man traveled the same road every day for a week and each day he found someone badly beaten at the same spot on the road. Compassion requires that he give aid, but eventually compassion requires that he ask, "Who has responsibility for policing the road." What started out as an individual act of

charitable aid leads to a concern with public policy. The first response, as was the case of the hurricane disaster on the Gulf, is to ameliorate consequences, but the second response must be necessarily aimed at eliminating causes. One is charity. The other is strategic philanthropy.

Philanthropy has often been most effective when it has dared to go beyond charity, when it has been for the American society what the research and development budget has been to a business corporation, the seed money for experimentation and innovation. When it becomes primarily charity, the society is in danger of becoming like the business corporation that switches its R&D money to its operating budget. It loses both its creative and competitive edge, its ability to think new thoughts and do new things. In the 1965 report on private foundations, the U.S. Treasury Department recognized the special nature of foundations by describing them as “uniquely qualified to initiate action, experiment with new and untried ventures, dissent from prevailing attitudes and act quickly and flexibly”

If we were to lose this unique bank of social capital, both the sector and the society would be severely handicapped. Philanthropy can illuminate issues and help provide both understanding and meaning to the social problems that trouble us. Let me give you an example of what I mean. A study by the Annie E. Casey Foundation on the costs of being poor dispels the notion held by some that the poor are poor because of poor work habits, sick because of poor health habits and marginalized because of poor social skills.

More parents than ever are working – 2.5 million people transitioned from welfare to work over the last decade – but low income families still face significant obstacles to getting out of poverty. If they work, simply participating in the workforce is more costly in low wealth communities where the poor often lack affordable transportation, affordable childcare, affordable health care and affordable housing. But these are not the only ways the poor end up paying more. They pay more for financial transactions whether it is interest on a mortgage, the cost of tax preparation or simply cashing a check. They pay more for basic need items of lower quality and they are victims of predatory lending and often low credit ratings that cause them to pay more for goods and services than higher income workers in more affluent locations.

A recent study found that in Baltimore residents in the poorest neighborhoods sometimes pay twice as much at supermarkets as suburban shoppers. That pattern is repeated in many cities. Obviously, we cannot talk about justice, fairness or equal opportunity unless we do something to level the playing field for those who pay more to participate in the workforce, provide for their families and build the assets they need to survive.

2. Philanthropy can help to inform and enrich the public policy process.

I know that many in philanthropy are advised that it is unwise, illegal or too risky to get involved in public policy, but I served on the Treasury Department’s Task Force that struggled with how to define lobbying and I can tell you that there is much that can be done to objectively inform and influence policy. Moreover, the effects of private philanthropy’s engagement with public policy in the development of the South are engraved widely and deeply in legislation, in court decisions, in public attitudes, and in social changes across a wide front.

One way or another, the American foundation has pointed to shortcomings in public policy. Andrew Carnegie, foreshadowing a role the institutions he built would play in public life, built libraries that were goads to public action, through leveraging tax monies for upkeep. In the post-Civil War era, the Slater, Peabody and Jeanes fund supported schooling for blacks in the South, addressing a need to which officials, to say nothing of public sentiment, were indifferent or downright hostile. On the eve of World War II the Carnegie Corporation gave birth to a scrupulously documented, deeply analytical study – Gunnar Myrdal’s *An American Dilemma* that focused a new spotlight on the massive failure of public policy in the field of racial justice.

Granted the need, feasibility and correctness of an engagement with public policy, let me then offer some prescriptions that come out of the experience of foundations that have decided to work in this area:

- ***Work from a solid base of facts and analysis.*** The weapon in which society expects philanthropy to deal is information and insight, not propaganda, not unsupported opinion, not militant partisanship.
- ***Be prepared to stay the course.*** If equity is important enough to address, it is worth working for over a sustained period. Quick fixes and hasty retreats from setbacks will win neither influence nor long-term solutions. Persistence is often the most important virtue.
- ***Work with Others.*** Given the scope and scale of the problems we must address in advancing equity, philanthropy needs to take the lead in building a culture of collaboration. The government sector is too often paralyzed by politics and the business sector is all too often preoccupied with profits. The unique calling of philanthropy demands that we engage in a new fusion of expertise, a combination of public and private institutions willing to engage deeply in a problem and of private donors skeptical enough to look around the outer edges of what these institutions think they see. It is this kind of partnership that Peter Drucker has called the fourth sector and it is this kind of partnership that must be the new reality for philanthropy in the 21st century
- ***Obey the law.*** Direct expenditures to lobby or influence legislation are strictly prohibited; a foundation may affect more general public policy in certain prescribed ways: a) by engaging in or funding nonpartisan analysis, study, or research and by making the results available to the public or to legislators; b) by responding to written request for technical advice or assistance from legislative committees or c) by expending funds or making grants for the examination and discussion of broad social, economic, and similar problems so long as such discussion does not address itself to the merits of specific legislation.

3. Philanthropy should invest in the empowerment of those who are economically and socially marginalized.

Philanthropy can help educate the public on the policies and practices needed to make our society work for all of its citizens, but it is not enough simply to be advocates who speak in behalf of the marginalized groups in our communities: we must help empower them to speak for themselves. If racism was the original American sin, the persistence of paternalism may be its most enduring counterpart. One of the most striking and fundamental lessons coming from around the world is that when we

empower the historically excluded to be active participants in the programs designed for their advancement, we are likely to have not only new ideas and wider ownership of strategies, but increased effectiveness as well.

We have all too often asked the wrong question in dealing with those who suffer from prejudice and poverty. We have been asking what can we do about their predicament or what can we do for them when we should have been asking what can we do together. Self-help is a principle all groups admire and often desire, but too many people assume it means that those disadvantaged by condition or color should be able to lift themselves by their own bootstraps, even when they have no boots. I like the concept of assisted self-reliance or participatory empowerment where the affected groups provide leadership but they are supported by outside resources.

4. Philanthropy should invest in boundary-crossing leadership; people who can unite other people; people who seek power to disperse it rather than simply dominate it.

Strategic investments in a new generation of leaders can help bring new talent into mainstream institutions, equip our sector and the larger society to deal with the new demographic reality and cultivate civic and social entrepreneurs who are the agents of progress in the struggle for equity. Although the present leadership climate may appear at first glance to be a leadership vacuum, it is more likely that we have been simply looking in the wrong places for leadership. If we have learned any thing from those who are building new societies in Eastern Europe and Southern Africa, it is that the next generation of leaders is not likely to fit the traditional mold, nor are those leaders likely to be found in traditional places. The days of looking for leaders with the right endorsements and the right credentials as defined by established elite may be coming to an end. The leaders of the future are not likely to come riding out of the sunset on white charges – heroes without heroism. Many will instead be ordinary people with extraordinary commitments. Their styles will be different. Their accents will be different and so will their color and complexion.

5. We need to invest to unleash and inform the philanthropic impulse that lies in all of our citizens and communities.

The growing black and Latino middle class has enriched the South and provides the potential for a new, but stronger, civic culture. While there is a tendency to think of these groups only in relation to the demand side of philanthropy, many are now in a position to contribute to the supply side. When I did research for my book *The Charitable Impulse*, I found that where there is a sense of belonging there is likely to be a sense of mutual obligation and responsibility. The new groups must be made to feel that they belong before they are willing to transform their own traditions of benevolence into organized giving in their new communities.

Few Americans realize how deep and enduring are the benevolent traditions of some of the groups changing the face of the South. As early as 1598, Latinos in the Southwest formed mutual aid groups, “mutualistas” and “confraternidades,” to assist members with their basic needs by serving as vehicles for self-help, social cohesion and a positive group identity. Long before deTocqueville became the most quoted, and probably the least read, expert on American civic life, Benjamin Franklin had become so enamored of the political and civic culture of the Native Americans he met in Philadelphia that he advised delegates to the 1754 Albany Congress to emulate the civic habits of the Iroquois.

Long before Martin Luther King wrote his *Letter from a Birmingham Jail*, African Americans had come to believe that society precedes the state, and that the patriot's primary passion should be the passion for justice. They cared so deeply about their communities and formed so many voluntary groups and mutual aid societies in the nineteenth century that several states enacted laws banning black voluntary or charitable organizations.

Long before Robert Bellah wrote *Habits of the Heart*, Neo-Confucians in the Chinese community were teaching their children that a community without benevolence invites its own destruction. Long before the first organized acts of charity by the European settlers, Native Americans engaged in "give aways," which reached its most advanced form in the potlatch ceremonies of the tribes of the Northwest as well as in the custom of Chippewa mothers who used to tell their young daughters to take a dish of food to a neighbor simply to teach the child to give and share.

In the African American community in which I grew up in Southwest Louisiana, the rivers of compassion ran deep. When we were hungry, we shared with each other. When we were sick, we cared for each other, but we did not think of what we gave to others as philanthropy because sharing was an act of reciprocity in which both the giver and the receiver benefited. We did not think of what we did for others as volunteering because caring was as much a moral imperative as an act of free will.

The point I am making is twofold: 1) The early manifestations of civic feeling among the racial minorities who are destined to play a larger role in the civic life of the new South were remarkable, not simply in how they served the poor and dispossessed in their midst but also in the consistency of the civic values they affirmed with the ideals and aspirations of the larger society; and 2) While the benevolent traditions of the new groups are deep and enduring, many of the newcomers have a limited knowledge of the techniques of organized giving in perpetuity. The whole of the South will benefit from targeted efforts both to activate the latent charitable impulse and to provide information on the many incentives and options for organized giving.

6. We need to remind the trustees and managers of private donor groups that they are custodians of values as well as resources.

Our concern with equity must begin with how our own institutions operate and what we do to try to level the playing field. In that regard, it is important for us to understand that how we give is as important as what we give. There is a story told about the exit of the British from one of its former colonies. On the day in which colonial officials departed, the Governor General was heard to say, "When we came here these people had few roads, few hospitals and few schools. We built new roads. We built new hospitals and we built new schools, but now they show no appreciation. Why?" A peasant, on hearing this conversation, interrupted to say, "It is easy to understand, Your Honor. Every time you look us you have the wrong look in your eyes." Philanthropy aimed at advancing equity must begin with a look at its own policies and procedures. Unless we have a new look in our eyes, our efforts will not only be in vain, but if left unattended could damage our image, diminish our influence and defer the dreams of those who gave birth to the vision we now seek to advance.

We need to step back and ask what assumptions, what social analysis lies behind our grantmaking, what theory of change informs our investments and priorities, how often is equity a consideration in what we conclude is successful, and finally do we have an organized and disciplined way of learning what truly works in advancing equity and

closing social gaps. When we provide answers to these questions, we may find that organized philanthropy itself may need to change. We cannot allow ourselves to become so preoccupied with the preservation of our organizations and the need to grow our assets that we focus more on the techniques of the trade than the deeper meaning of the craft. Someone has to ask the difficult questions that too easily go unasked, and if asked unanswered. Someone has to probe beyond the conventional wisdom that avoids controversy by closing rather than opening minds. Philanthropy in the American South is part of a great moment in history. I hope, therefore, that donors and those who manage philanthropic funds will not be afraid to demand more of themselves, their colleagues and those with whom they collaborate.

All of this may seem like a long and difficult agenda for philanthropy and equity in the South, but in the final analysis, it may be that the most important role of philanthropy is to help provide hope for the many who remain hopeless. It must be the kind of hope Vaclav Havel had in mind when he said, “I am not an optimist because I do not believe that every thing ends well. Nor am I a pessimist, because I do not believe that every thing ends badly. But I could do not do any thing if I did not have hope within me because the gift of hope is as big a gift as the gift of life itself.” Many in the underclass are living without hope, so please remember in all that you do to promote equity that the gift of hope is as big a gift as the gift of life itself.

The Honorable James A. Joseph was President of the Council on Foundations from 1982-1995 and U.S. Ambassador to South Africa from 1996-2000. He serves presently as Professor of the Practice of Public Policy Studies and Executive Director of the United States – Southern Africa Center for Leadership and Public Values at Duke University.