

Philanthropy: Beyond Business or Charity

By Lori Bezahler

This past August, William Schambra published a critique of strategic philanthropy, faulting its practitioners for inappropriately applying scientific methods to the remediation of social ills. While I found aspects of his analysis compelling, I would argue that there is a different and perhaps more pernicious problem with what has been come to be known as “strategic philanthropy.” That is the imposition of the logic of business on charitable and social change efforts.

“Philanthrocapitalists” argue that we need to get at “what works” absent the distractions of ideology. They argue that this requires an analysis of the return on philanthropic investments in time-limited, quantifiable chunks, and complex planning processes that provide a pretense of objectivity. Planners generally start by identifying goals and desired outcomes – the box at the end of the logic model – and then make decisions about what actions to take in order to get there. A sensible progression, but fundamentally flawed: it does not acknowledge that the very first step – defining the desired outcome – is driven by the framers’ beliefs and values or, dare I use the word, ideology.

In his book *What Money Can't Buy: The Moral Limits of Markets*, the philosopher Michael Sandel tells us that “markets leave their mark.” Creating a market and converting something into a tradable good transforms it. Just think of slave markets and the dehumanization of African Americans through their commodification. As Sandel demonstrates,

markets corrupt the norms of social interaction and exacerbate inequity when introduced into nonmarket endeavors.

I fear that the unexamined, almost dogmatic, belief in markets and economics is shrinking support for collective responsibility for public goods and what we once thought of as the social contract. There are some goods, as Sandel explains, that for moral reasons should not be subject to market norms. Markets prioritize return for the resources invested and use competition as the mechanism for distribution. By definition a competition creates winners and losers, but the work of philanthropy is not to guide the allocation of social goods among the winners; it is to make sure there are no losers.

In philanthropy, privileging measures of efficiency, productivity and cost/benefit as the key criteria for philanthropic investments commodifies social good and favors short-term interventions that maximize the return on investment over the three-year grant cycle. Such calculations limit the appetite among foundations to take on the largest and most intransigent challenges we face as a society. But given the enormous freedom that the sector has, the role of philanthropy should be to take on these most fundamental problems. In an op-ed in the *New York Times* this past summer, Peter Buffet calls for such a shift, writing, “Money should be spent trying out concepts that shatter current structures and systems that have turned much of the world into one vast market.”

Matthew Bishop, author of *Philan-*

throcapitalism: How Giving Can Save the World, asserts that his model of philanthrocapitalism was created out of his observations as a business reporter for *The Economist*. His strong implication is that only business is ideologically neutral – caring only about results, and any framework not rooted in the culture of markets and methodology of business is somehow biased and therefore inferior.

And yet, while purporting to be ideologically neutral, Bishop consistently determines effectiveness through one particular – and ideological – lens. He repeatedly defines problems in ways that elevate individual choice and competition as levers of change, stressing business models of measurement and accountability without interrogating the moral presumptions and values that underlie them. It is no surprise then that “what works” from Bishop’s viewpoint is a market fundamentalist philanthropy. While someone with Bishop’s commitment to a market society might see classrooms lacking adequate supplies and react by setting up a system whereby individuals can respond to competing requests from teachers for specific supplies and projects, someone else operating from a moral base centered on equity and justice might respond to the same situation by advocating for a revised revenue generation and distribution policy to ensure that all schools are equipped with sufficient resources. Bishop’s framework, in other words, is not ideologically neutral, but rather based on a set of morals and beliefs that are unexamined, unexpressed – and unchallenged.

For many years, and to a great extent still today, philanthropy has been in the business of charity. The ultimate objective of this charity has been to ameliorate the ugly effects of poverty, not to fundamentally alter the structures and policies that create and exacerbate inequity. Today, there is an increasing, and I would assert positive, emphasis on changing the public and private systems and policies that create conditions of poverty and inequity. This requires moving away from the unquestioned business model to a philanthropic strategy that strives for outcomes and impact grounded in a different moral frame.

So, if we reject the business planning model, how do we undertake the hard work of fundamental change with rigor and focus?

First, start with values. Clarify them, discuss them and make them public so they will always be at the forefront of your work. Sandel tells us that this may be the hardest part, as we may have serious disagreements about morals and values. In our heterogeneous society with diverse beliefs and priorities, such efforts will likely result in a range of philanthropic approaches and goals. In the case of the Edward Hazen Foundation, racial justice has been identified as a core moral precept, and our mission statement has been revised to reflect that value.

Second, identify social problems that are clear symptoms of the social ills that conflict with those values, but don't stop there. Identify the root causes of those problems or you will achieve only temporary fixes, not sustainable solutions. With the grounding of racial justice as its moral center and self-determination as a guiding principle, the Hazen Foundation has provided long-term support to groups of parents and students concerned with the issue of educational inequity. Understanding that there are no simple solutions to this persistent problem, we support many



The Edward W. Hazen Foundation provides long-term support to parents and student groups working for education equity, including the Padres y Jovenes Unidos in Denver, CO.

components of change, including their advocacy to end punitive school discipline practices that disproportionately affect students of color and are the result of decades, even centuries, of assumptions about their educability.

Third, use data. Find information that can help you to get at root causes, identify solutions and also monitor progress. Information can be a powerful tool for philanthropy. But not all data are good data, nor are they all helpful. Remember Einstein's admonition that "Not everything that can be counted counts, and not everything that counts can be counted." Some useful data will be quantitative; in the example of school discipline, several studies documenting the overuse and disproportionate imposition of harsh discipline in schools provided credibility to young people sharing their personal experiences, situating them in a systemic context and bringing public attention to the problem. However, some will be qualitative, such as data on the personal transformations of young people as their experiences are affirmed and placed in a societal context and as they take

action to change those circumstances and structures. This is information that the Hazen Foundation also collects and uses to inform our decisions.

Over the past 15 years, the trend in philanthropy has been to strive for sustainable change, not alleviation of current conditions through charitable works. However, market orientation and business planning have overwhelmed the commitment to core values and morals as the driving force for philanthropy. Sandel urges us to understand the limits of markets and to interrogate our beliefs and assumptions in the pursuit of a moral society. Lessons from social movements – civil rights, universal suffrage, abolitionism and others – show that deep social change takes a path that does not conform to the metrics or culture of business. It is incumbent on our sector to do the tough work of marrying moral principles with accountability for outcomes in the service of our philanthropic objectives. ■

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