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Disentangling Class from Philanthropy: The Double-edged Sword of Alternative Giving

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Abstract

A recurring theme echoed by critics of United States philanthropy is that foundations are instrumental in reproducing the class privilege of elites. Since the early 1970s, a cluster of “alternative” foundations has responded to this critique in two ways: 1) By distributing grants to recipients largely overlooked by mainstream philanthropy: marginalized groups organizing for progressive social change, and 2) By making grant decisions in ways that explicitly aim to challenge the class power foundations traditionally exercise. Regarding the latter, these alternative foundations either segregate donors from the process of deciding where their money goes and give this power instead to community activists, or they integrate donors with community activists to make grant decisions collaboratively. My analysis illustrates how both of these grantmaking models reinforce class distinctions, despite their intention of doing otherwise. Indeed, looking at alternative foundations in comparison to their more traditional counterparts reveals just how deeply class lies at the very core of philanthropy.

Keywords

alternative foundations, class power, donors, community activists

An obvious yet easily overlooked characteristic of United States philanthropy is that it is predicated on class divisions within our society. Whether philanthropic dollars come from an individual or an institution, this money is available to be given away to causes deemed worthy and

deserving only if certain people have had opportunities for wealth acquisition and accumulation that are not similarly available to all.

Many social scientists have empirically probed the links between philanthropy and the maintenance of the US class structure, arguing that philanthropy not only derives from class divisions, but is also instrumental in reproducing these divisions. Their claims are four-fold. First, the creation of foundations was motivated historically by an effort to de-legitimize proponents of socialism by showing that the inequities produced by capitalism could be treated through private initiative (Curti and Nash 1965). Second, most contemporary giving goes to causes that directly serve the elite while providing little benefit to other social strata (Bombardieri and Robinson 2004; Odendahl 1990). Third, the small amounts that do help disadvantaged groups, like the poor and homeless, foster social changes that are institutionally safe and uncontroversial, and thereby co-opt reforms that potentially might challenge – perhaps even dismantle – underlying structures of social inequality (Arnove 1980; Haines 1984, 1988; Jenkins 1989, 1998; Jenkins and Eckert 1986; McAdam 1982; Piven and Cloward 1977; Roelofs 2003). And fourth, the various social accoutrements of giving – serving on nonprofit boards, attending charity events, and getting access to exclusive social networks – are instrumental in reinforcing the status of elites (Ostrander 1984; Ostrower 1995). Activists themselves, of any class, are often co-opted into the foundation network, which provides travel funds and paid jobs in NGOs (Donnelly 2004).

Over the past few decades, a cluster of “alternative” foundations has attempted to circumvent these class-based critiques of philanthropy in two ways: 1) By distributing grants to organizations working for progressive social changes among politically marginalized groups, and 2) By making grant decisions in ways that challenge the class power foundations traditionally exercise. Particularly prominent among these alternative foundations is a national network called the Funding Exchange.¹ The sixteen foundations

¹ Funding Exchange Network Member Funds: *Appalachian Community Fund*, Knoxville, TN; *Bread and Roses Community Fund*, Philadelphia, PA; *Chinook Fund*, Denver, CO; *Crossroads Fund*, Chicago, IL; *Fund for Santa Barbara*, Santa Barbara, CA; *Fund for Southern Communities*, Atlanta, GA; *Hawai'i People's Fund*, Honolulu, HI; *Haymarket Peoples Fund*, Boston, MA; *Headwaters Foundation for Justice*, Minneapolis, MN; *Liberty Hill Foundation*, Los Angeles, CA; *McKenzie River Gathering Foundation*, Portland, OR; *North Star Fund*, New York, NY; *San Diego*

that comprise the Funding Exchange each distribute grants within a specified metropolitan region throughout the US, and do so in a manner that falls along a continuum; ranging from the complete divestment of wealthy donors from holding the power to decide where their money goes (and instead giving community activists a monopoly on grantmaking power) to integrating donors with community activists in these decisions.

In terms of the total scope of foundation giving, what do alternative foundations tell us about the relationship between class and philanthropy in the US? To what extent do Funding Exchange foundations practice philanthropy in ways that circumvent the four class-based critiques of philanthropy discussed earlier? Do these foundations live up to their rhetoric and offer a meaningful “alternative” to traditional foundations in terms of disentangling class from philanthropy?

The Funding Exchange

San Francisco-based Vanguard Public Foundation, established in 1972, was the first foundation in what eventually became the Funding Exchange network. The emergence and growth of this network is a story that has received considerable popular attention (e.g., Teltsch 1983, 1992; Williams 1984). The original members of these foundations were affluent baby boomers who had participated in the social movements of the 1960s – anti-war, civil rights, feminism – and whose politics had been deeply shaped by them. Consequently, these people sought to create ways to link their giving to social movement activism.

Unlike many foundations, which have endowments in the millions, if not billions, of dollars, foundations in the Funding Exchange continually have to scrounge for the resources that they subsequently give away. They do have endowments from the inherited wealth of these activists, but they are public charities, deriving much of their income from donations. Given that the missions of alternative foundations are completely alien to the thinking of vast segments of United States’ wealthy, it is not surprising that

Foundation for Change, San Diego, CA; *Three Rivers Community Foundation*, Pittsburgh, PA; *Vanguard Public Foundation*, San Francisco, CA; *Wisconsin Community Fund*, Madison, WI. See: <http://www.fex.org>.

these foundations must annually raise new funds, as opposed to doing what is the norm for foundations: giving away a portion of the interest accrued from their endowments. A key challenge connected to alternative foundations' ongoing need to raise funds is that these foundations must figure out what kind of place, if any, their wealthy donors should have within the foundation.

Two of these foundations present an interesting contrast and expose the challenges that all Funding Exchange foundations face in their efforts to disentangle class from philanthropy. Haymarket People's Fund, which is based in Boston and distributes grants throughout New England, *segregates* donors from community activists. Donors, who are affluent and typically white, contribute money and participate in fundraising activities. Community activists comprise the entirety of Haymarket's nine regional funding boards. Those from the urban areas are mostly people of color and working-class. The Crossroads Fund, which is based in Chicago and distributes grants across the metropolitan area, not only raises its money from elite donors, but also *integrates* them into its grantmaking alongside community activists.

The following comparison of Haymarket and Crossroads draws upon nine months of participant-observation I did at Crossroads (Silver 1998), as well as Susan Ostrander's (1995) in-depth ethnography of Haymarket. During my fieldwork at Crossroads, I attended grantmaking meetings and went on site visits of prospective grantees throughout one of the foundation's biannual grants cycles. I also interviewed twenty-one people: all three staff members, five former grantmaking board members (three of whom were founders), twelve of the eighteen current grantmaking board members (two of whom were founders), and one donor not on the board. Fifteen of the informants were women and six were men. Racially, they identified themselves as follows: thirteen were white, three African-American, one biracial, two Latino, one Arab-American, and one Asian-American.

The rest of this article is divided into two parts. First, I compare Haymarket's segregation of donors from community activists with Crossroads' integration of these two groups. Then, I use these two case studies to critically examine Funding Exchange foundations' efforts to disentangle class from philanthropy. While these foundations certainly provide a meaningful alternative to the class-reinforcing tendencies of traditional philanthropy in terms of where they distribute their grants, their innovative

grantmaking structures are a double-edged sword. By this, I mean that neither the segregationist nor the integrationist models truly disentangle class from philanthropy. More accurately, these models, each in its own way, disguise just how deeply embedded are the links between philanthropy and class privilege in our society.

Competing Strategies for Disentangling Class from Philanthropy Segregation of Donors at Haymarket Peoples Fund

Haymarket was founded in 1974 by George Pillsbury, heir to the Pillsbury flour fortune. He believed that the wealth he had inherited from his family was not rightfully his but more properly belonged to the Pillsbury workers who had produced it (Mogil and Slepian 1992:144). Pillsbury and Haymarket's other founding benefactors consequently advocated both that the foundation fund socially disadvantaged groups traditionally overlooked by mainstream philanthropy and that the foundation's donors cede all control over how their money would be allocated (Ostrander 1995:9–10).

There is consensus among people within Haymarket that community activists must have total say in how grant monies are allocated since it is community activists, not donors, who represent constituencies that directly experience social injustices of various kinds. As one Haymarket staff person commented, the sentiment within the foundation is that donors ought to have no say in how grant decisions are made since they usually lack community organizing experience. It's hard for ruling-class, white, rich, usually male people to judge what makes sense to fund in the left. It takes time to get inside it, and very few rich people have or take that option. It takes time to develop expertise. (Vanguard 1977:38–39)

Haymarket recruits people for its nine funding boards largely from the community-based organizations that it supports (Ostrander 1995:29). In the urban areas, with the exception of some gay and lesbian activists, funding board members are predominantly people of color. Although some of the community activists serving on Haymarket's funding boards believe that donors should also be permitted to participate in grantmaking decisions, Haymarket still segregates donors entirely from its grantmaking process, for reasons expressed by the following community activist:

I don't think donors should be on the funding board. Suppose they didn't want something funded? What if we said, "Hey, we don't want to offend this guy, (so we have to do what he wants)? It might happen. (Ostrander 1995:91)

Other funding board members believe that Haymarket should consider the possibility of integrating donors into grantmaking only if donors first were to inform the rest of the board about their affluence. These community activists fear that otherwise donors' class biases might undermine Haymarket's grantmaking agendas (Ostrander 1995:88).

Because they are segregated from grantmaking, donors' involvement within Haymarket occurs largely through fundraising. Some do volunteer work at the Boston office, and attend the semi-annual Haymarket boards' meetings. As a way of linking fundraising to Haymarket's social change mission, its founders sought to create emotionally supportive environments for those donors who experience psychological conflicts between the typically conservative expectations within their families about where to give away their money and their own radical politics. Hence, Haymarket organizes biannual wealth conferences to enable current and prospective donors to help one another manage these conflicts and spread the word about the worthiness of Haymarket's mission. Although no overt fundraising is done at these conferences, eighty percent of all annual contributions come from people who have attended at least one such conference (Ostrander 1995:62–66).

Integration of Donors at the Crossroads Fund

Crossroads was established in 1980, six years after Haymarket. Indeed, Crossroads set up its grantmaking structure in direct reaction to Haymarket's. Crossroads' core group of founding benefactors criticized Haymarket for making donors' angst over giving away their money to a radical foundation an issue of explicit organizational concern. One founder commented:

None of us liked this flashiness of people who grew up in the Sixties who would divest themselves of their wealth. We just never thought of ourselves as fitting that hype which the media produced. We were not comfortable with the labeling. We were interested in getting funds to small social change organizations. It was not perceived as a self-help orientation. (Silver 1998: 310)

Another founder elaborated:

Our feeling was that we were committed activists. We had a resource that lots of people do not have – we had money. . . . It really wasn't about feeling terrible about personal problems that we had to deal with. We were sensitive about being in a culture in which money is a defining characteristic in your relationships, and the messages you send to others. But, in some ways, the Haymarket-type approach aggravated that problem. Setting up an organization to work through anguish increases the divisions. (Silver 1998: 310)

Although Crossroads' founders were critical of Haymarket's segregated grantmaking structure, Crossroads nonetheless has always embraced a core tenet shared within the Funding Exchange network: that traditional foundation grantmaking is undemocratic because grant decisions are made predominantly, if not exclusively, by elites. For Crossroads, this has raised the challenge of how to integrate elite donors into grantmaking while at the same time disentangling elite class interests from entering into funding decisions. Crossroads' executive director described this challenge as follows:

Wealthy donors come in (to Crossroads) and they are curious about how they will be perceived: as naive, stupid, charity types with too much money, or as targets of rage, or as concerned that they are just there for their money, that they'll be stereotyped as "pull out your checkbook and then shut up." (Silver 1998: 310)

In my fieldwork at Crossroads, I observed how the foundation manages this challenge so that donors – purportedly detached from their class interests – are integrated into grantmaking.

Donors constitute a third of those recruited to the grantmaking board, while the remaining two-thirds are community activists recruited, just as at Haymarket, from the organizations that the foundation funds. Indeed, the notion that donors must remain a minority on the board has never been in question. Crossroads' stipulation that donors should have only a minority say in grantmaking decisions ensures that they cannot wield the unruly grantmaking power that people in the Funding Exchange network criticize traditional philanthropists for exercising. Yet, this recruitment rule in and of itself does not facilitate the integration of donors. An effort is made, moreover, to recruit people to the grantmaking board who are

ideologically similar regardless of how much money they contribute to the foundation.

In recruiting donors as board members, Crossroads distinguishes between traditional foundation elites and those whose political interests and level of knowledge resemble that of the community activists recruited to the board. One board member further described this distinction:

All prospective board members are screened for their political views, and that they have had a political activist past. Nobody is brought onto the board just for being a donor. Some are brought on predominantly because they have access to money, but they have to have a progressive politics and an activist bent. You will not find Society matrons on our board. (Silver 1998: 311)

Even though Crossroads recruits donors who have activist experience, recruitment alone is not enough, in the eyes of the community activists on the grantmaking board, to disentangle donors' from their class backgrounds. Another key aspect of donors' integration is the relationships they forge with community activists during site visits of prospective grantees. Site visits enable all funding board members to sharpen their knowledge of the many issues that Crossroads supports, and they are particularly important for donors since they are typically less informed about these issues in the first place.

Discussion and Conclusions

Haymarket's and Crossroads' respective grantmaking structures reflect the two kinds of strategies that Funding Exchange foundations as a whole embrace in their efforts to divest elite class interests from the process of grantmaking itself. Fifteen of these foundations employ some variety of the integrationist model, while Haymarket is the lone foundation that segregates donors from grantmaking. Before analyzing the significance of this variation in how grant decisions are made, it is important first to examine the significance of the fact that the sixteen Funding Exchange foundations are strikingly similar to one another in terms of the kinds of grants they allocate.

The motto within the Funding Exchange is "change not charity," which reflects a deep, shared commitment to support organizations working to

dismantle the underlying structures of social inequality in the USA. Although my empirical focus in the preceding section was on grantmaking process rather than the grants themselves, some consideration of the latter is needed in order to comprehensively assess the extent to which Funding Exchange foundations provide a meaningful “alternative” to traditional foundations in terms of disentangling class from philanthropy.

With respect to the particular kinds of grants given away, Roelofs’ (2003) study of Haymarket suggests that these foundations may indeed be effectively working to challenge the class structure, as well as structures of racism, sexism, and homophobia. Roelofs did a retrospective analysis in the mid-eighties of whether Haymarket’s grants in the early years after its founding (1974–78) had enabled grantees to challenge these various bases of inequality in a sustained way. She found that many grant-recipient organizations not only continued in existence, but had succeeded at raising the consciousness of broader constituencies and had been able to attract wider foundation and political support for their agendas.

Although these data draw upon the experience of only one foundation and just during the years of its infancy, the fact that all sixteen Funding Exchange foundations allocate the same kinds of grants suggests that Roelofs’ findings carry broader weight. Indeed, it seems that Funding Exchange foundations are successfully able to circumvent three of the four class-based critiques of philanthropy that I outlined at the beginning of this article. In terms of foundations coming into existence as bulwarks against socialism (critique 1), while this perspective adequately characterizes some of the large foundations, and particularly the earliest ones like Carnegie and Rockefeller, it does not pertain to alternative foundations, whose founders were deeply shaped by the various progressive movements of the 1960s. On the other hand, some that began with a socialist aim or critique gradually adopted “progressivism,” a movement to reform capitalism in order to preserve it. Critique 2 also does not apply to these foundations since they explicitly buck the tendency in philanthropy for grants to go to causes that benefit the elite. The third critique is similarly invalid since, unlike mainstream liberal foundations like Ford and MacArthur, Funding Exchange grants support groups organizing against structures of social inequality in often politically controversial ways.

Funding Exchange foundations’ efforts to circumvent the fourth class-based critique of foundations are considerably more problematic. To be

sure, those who donate large sums of money to these foundations are atypical people of wealth in terms of their politics, and they are consequently much more inclined than most foundation benefactors to regard their philanthropy as an overt political act. For this reason, traditional accoutrements of elite giving such as attending charity events are typically unimportant to these donors. Nonetheless, the segregationist and integrationist models, in their own ways, both maintain links between a donor's participation in alternative philanthropy and that person's identity as a member of the elite; meaning that neither model fully disentangles the act of philanthropy from its class origins.

In the case of Haymarket, segregating donors from grantmaking creates a class division between those who financially support the foundation and those who make grant decisions, as one funding board member clearly identified. "It feels like we're very separate. I feel like there's this god up there that drops the money, and we spend it. I've never met the donors" (Ostrander 1995:90). Indeed, as we have seen, part of what motivated Crossroads' benefactors to create an integrationist model was their belief that Haymarket's grantmaking structure was merely reconfiguring the class divide that characterizes traditional philanthropy. In their view, the segregationist model reinforced inequalities between people with class advantages and those with class disadvantages. Instead of donors solidifying their elite identity via charity balls, they were attending wealth conferences. But, the effect was essentially the same.

In a more insidious way, becoming integrated into the grantmaking of an alternative foundation also reinforces donors' identities as members of the elite. Given that these donors' are ideologically impassioned about, and in many cases also directly involved in, radical politics, they are very concerned that community activists embrace them for much more than their money. Consider the following comment made by a grantmaking board member at Crossroads.

I'm not sure if they were interested in me because I was a donor or an activist. I hope the latter. I didn't think anything about the recruitment process until a few donors started talking about the idea that we are recruited to the board at least partially for our money. The thought that I was accepted on the board because I was a donor hurt my feelings. I was surprised that somebody could be on the board just for being a donor. When I was doing fundraising for

another organization, this woman really groomed me to be on the board. She was really nice to me, but then I overheard her characterize me as one of those guilty suburbanites. I felt really manipulated. (Silver 1998: 312)

Hearing comments like these during my fieldwork was an indication to me of how the donors on Crossroads' grantmaking board exert subtle pressure on community activists to accept them for their activism as opposed to their wealth. These donors want to be authenticated as distinct among the elite (Bourdieu 1984) for their "radical chic," to use Tom Wolfe's (1970) famed phrase. In this regard, it is striking that Crossroads' donors do not behave in a markedly different manner than do class elites throughout the larger society, in the sense that these donors tacitly expect an economically subordinate group – in this case, community activists – to legitimate their identity as elites. Ironically, donors reproduce their class privilege within Crossroads through their claims for affirmation from community activists that this privilege does not disqualify them from being recognized also for their activism.

Community activists seemingly pay little price for legitimizing donors' identity claims, since in doing so these community activists still retain a majority voice on the board in determining how Crossroads' money should be allocated. Of course, community activists have little choice but to validate these claims since to do otherwise would risk the possibility that donors might cease contributing to Crossroads. Indeed, the central paradox common to Funding Exchange foundations that have integrationist grantmaking models is that they risk having insufficient funds to support their radical agendas unless their donors' identity needs are continually satisfied. Thus, even though donors are a discredited group within alternative philanthropy due to their class privilege, they nonetheless retain the power to implicitly demand legitimation from community activists in exchange for their money.

In sum, Funding Exchange foundations certainly go a long way toward disentangling class from philanthropy, yet they appear to go further down this road than they actually do. Disempowering elites from exercising extensive power over where their money goes, as is the philanthropic norm, would seem to be a viable way for these foundations to fully achieve this goal. However, such a move carries a double-edged sword: the segregationist model creates a new kind of philanthropic class division while the

integrationist model depends upon the validation of donors' class-based identity claims. In considering the elaborate efforts that alternative foundations make to dismantle connections between philanthropy and the class structure, we are left ironically with a profound sense of just how deeply class lies at the very core, and remains an entrenched part, of United States philanthropy.

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