

# **Reflections on Foundations and Social Justice**

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## **Introduction**

It gives me enormous pleasure and satisfaction to have been asked to share with you my thoughts about philanthropy's role in promoting social justice. To share my ideas with Synergos' Senior Fellows with whom I have the utmost regard is a real treat or, as my 12-year-old daughter would put it, "this is sweet."

There are some concepts that are so compelling and motivating that they capture the imagination and spirit of people, regardless of culture or country of origin. The ideas are so powerful in their vision that even when the institutions that are responsible for fulfilling the vision fail to do so, people continue to have faith in the value of the underlying concept. The words freedom, equality and social justice are such concepts because they affirm that there are certain basic human rights, inclusive of political participation and access to healthcare and housing, to which each citizen is entitled.

I want to talk about three things. First, I want to talk about how I define the concepts of social justice and social justice grantmaking. Second, I want to talk about some of the barriers that prevent foundations from engaging in social justice grantmaking. Third, I want to talk about how foundations can overcome these barriers and begin to more actively engage in social justice grantmaking.

Before starting, it is essential that you understand the multiple shortcomings and perhaps the one strength that I bring to this discussion. As a practitioner-scholar, I have learned that it is important to understand the experiences and worldview of the presenter. Despite my best efforts to develop and broaden my world perspective, like most Americans, I bring a limited understanding of the world outside of the U.S. I speak only one language and have never lived outside of the United States. Also, while I have a deep appreciation of how culture, tradition and the legal framework shape philanthropy in different countries, the examples that I will draw on are limited in that they are primarily drawn from the American context.

The one possible strength that I bring to the discussion of social justice is my life as an African American male growing up and living in the United States. The historical experience of African Americans, from their forced arrival into the United States as slaves to enduring legalized segregation to the quasi-equality that exists today has shaped my views about the role and importance of social justice. I use the phrase quasi-equality to acknowledge that while African Americans enjoy greater opportunities than at any other time in their history, enormous disparities remain between African Americans and white Americans in the areas of wealth, jobs, health and healthcare, access to housing and criminal incarceration.

Finally, you should know that I have been asked to be provocative. Those of you who know me, know that I need little encouragement in this regard.

### **What is Social Justice Grantmaking and Why is it Important?**

For the purposes of my remarks, social justice grantmaking is defined as the efforts of foundations to change the current power relationships that exist between citizens and their relationship to government, business and the non-governmental sectors. Social justice grantmaking attempts to improve how the society provides equal access to opportunities for all citizens and ensures a minimum quality of life for all. Grantmaking is used here to encompass everything ranging from charity, the support of basic social needs while leaving the underlying social system/structure intact, to social justice grantmaking, efforts to change the underlying systems so as to improve the social outcomes for a particular group. This is not a question of “either/or” for foundations but rather how to balance both activities in the context of their particular environment.

Let me relate a story I once heard which I think illustrates the difference between charity and social justice grantmaking. Two doctors, a general practitioner and an epidemiologist were standing near a river when a body floated down. Both rushed in to pull the person out and began administering first-aid. Another body floated down and again they rushed into the river. As the next body came down, the general practitioner looked on in disbelief as the epidemiologist started to walk away. The general practitioner asked, "Where are you going? " The epidemiologist responded that she was headed upstream to find out where all the bodies were coming from and to stop it at the source.

At its best, social justice philanthropy tries to determine the cause of social inequities and correct them at the source. In fact, a key justification for the existence of foundations is that they provide the risk capital within a society to test innovative solutions to systemic problems. It is this notion of innovative solutions that have the

potential to change the underlying system, and not support of charity, that inspires citizens to continue to believe in the power of foundations to make positive contributions to the functioning of society - even when foundations fail to meet these expectations.

In democratic societies, citizens determine the balance of power held by the government, business and the non-governmental sector. In this context, the non-governmental sector refers to both grantmaking foundations and grantseeking non-governmental organizations. As I will discuss more fully shortly, the relationships between the nongovernmental, government and business sectors represent a delicate set of checks and balances. In a democracy, citizens elect the government. Government regulates what nongovernmental organizations and businesses can and cannot do, as well as determines the level of wealth accumulation by individuals in the business sector that often provides the capital base for foundations and donations for nongovernmental organizations. Businesses and nongovernmental organizations lobby representatives of government to enact or change legislation in ways that are favorable to their point of view on an issue. I am also aware that there is one community foundation in Mexico, Fundacion Del Empresariado Chihuahuense, A.C., that receives tax revenue collected by the state to run its programs.

This balance of power between the three sectors is made more difficult because of the blurring of responsibilities across sectors. In the U.S., duties once performed by the government are now outsourced to business and nongovernmental organizations. Some nongovernmental organizations have developed separate profit-making businesses, the revenue from which supports their nongovernmental programs. And, a growing number

of businesses are applying for grants from the government and foundations to carry out what was once traditional nongovernmental work.

### **Why Is Social Justice Grantmaking So Difficult?**

If the concept of social justice grantmaking has the potential to fundamentally reduce or eliminate social inequality, why is that so few foundations appear willing to engage in such activities? There are at least 5 reasons, described below, that could account for this reluctance.

#### **1. The Unwillingness to Acknowledge Power Relationships**

In general, foundations appear to be extremely uncomfortable in acknowledging that they have power and seem equally reluctant to exercise their power for the purposes of promoting social change. Power is used here to mean the ability to influence or control the outcome of events. The heavy reliance of foundations on program grants with specific outcomes and a short-duration rather than operating grants in support of mission is, in part, a way of keeping control. This is not a debate about setting outcomes for evaluation. Changing a particular social system is an outcome that can be measured. At least part of foundations' reluctance stems, in part, from a fear of retaliation from the government or business sectors.

Unfortunately, such fears may not be entirely unfounded. In the U.S., the perception that the voter registration efforts of the Ford Foundation in the 1960s may have altered

the outcomes of two local elections is widely thought to have led to new government regulations of foundations in this area.<sup>1</sup> Rather than viewing government regulation as an appropriate part of the normal checks and balances of the three sectors, fear of regulation has served as a powerful disincentive for foundations to engage in voter registration or governmental lobbying efforts.

In fact, U.S. foundations have become so reluctant to engage support the advocacy, lobbying and public policy activities of nonprofit organizations that there are major efforts underway to convince foundations of the legality and importance of these efforts.<sup>2</sup> Unfortunately, without the engagement of foundations in social justice grantmaking, their support of charity amounts to support and affirmation of the social outcomes that result from the current social system.

## 2. Foundations Owe Allegiance to the Social Systems that Created Them

At its core, social justice grantmaking is based on a belief that some aspect of society is inequitable and needs to be changed to create fairer outcomes. It is unlikely that there will be many individuals who have been successful in the private sector who will want to develop a philanthropy whose purpose is to change the status quo. After all, these wealthy individuals have been successful and reaffirmed by the existing system and power relationships. While they may recognize a need for changes around access and participation in the existing system, it is difficult to imagine that they would consent to be at the vanguard for wholesale changes to the entire system. Even when the founders of a foundation have died, it is likely that those who are subsequently recruited to the board

are identified because they share the same broad values and come from the same social strata as the founders.

In the U.S., the major movements for social change whether they involved equality for women, people of color including African Americans, people with disabilities or rights for gays and lesbians have been led and initially financed by members of those groups. Typically, it is only after the idea has gained some initial acceptance by the general public does one see substantial funding from foundations.<sup>3</sup>

### 3. Vulnerability of Foundation Structures

At its core, social justice grantmaking is based on a belief that some aspect of society is inequitable and needs to be changed to create fairer outcomes. Different foundation structures may make it easier or more difficult to engage in charity vs. social justice grantmaking. For example, foundations associated with corporations may be more reluctant to engage in social justice grantmaking out of concern that it may bring about unwanted government regulation of their industry or generate ill will by their customers or potential customers that would affect the sale of their products.

Private foundations and community foundations in which board members continue to have ongoing business interests may find it difficult to engage in social justice grantmaking if it results in alienating their business associates and personal friends or hindering those individuals' relationships with businesses or government. Lastly, community foundations may shy away from social justice grantmaking and convening if they perceive that such activities will make it less likely for them to attract wealthy

donors who have been successful in business or if it will make it more difficult for them to partner with government.

#### 4. Courage to Withstand Controversy

In general, foundations are uncomfortable with controversy. We want everyone to agree with and be supportive of our actions. Unlike the government and private sectors that have learned to accept the reality of public criticism for their actions, foundations appear to be very worried about their public reputations. Again, there is good reason for this. Controversy brings with it the possibility of retaliation by the other two sectors as well as the possibility of public disapproval. At worst, either of these outcomes has the potential to lead to disastrous consequences for foundations.

#### 5. Significant Resources Are Not Required for Social Justice Grantmaking

There is a persistent belief that social justice grantmaking requires significant grantmaking resources. It does not. Often times, simply convening people to talk about an issue publicly is enough to begin to influence public opinion and begin to change the system. Raising the public profile of social inequities that exists related to poor people, people of color, women, individuals with disabilities, or gays and lesbians does not require large amounts of money. It does require the will and the courage to use the foundation's cachet to legitimize a topic as being worthy of discussion. Creating public dialogue around social inequalities the existing system has either created or ignores can

provide the impetus for change by community groups, business or government. In fact, sometimes the very act of a foundation raising an issue can give the issue a public legitimacy and importance that it was previously lacking.

### **Encouraging Foundations to Engage in Social Justice Grantmaking**

There are several things that foundations might consider if they want to more consistently engage in social justice grantmaking. The most important thing that foundations can do is to acknowledge that social justice grantmaking, with all of its potential risks, is a key part of its grantmaking strategy. Form follows function, and statements of intent are necessary precursors to establishing and reinforcing the behavior that the foundation wants to engage in. After establishing the intent, it is then necessary to act on and measure progress in having the words match the behavior.

Foundations interested in social justice grantmaking should consider developing a risk allocation model for each grantmaking priority similar to the asset allocation model that is used for their investment portfolios. The purpose of the risk allocation model is to help foundations qualify and quantify the level of risk that they are willing to take in each grantmaking area and what the risk will look like. It is a way for a foundation to hold itself accountable for the outcomes it would like to encourage and to measure its performance.

The development of a risk allocation model for grantmaking has at least two advantages. First, it allows the board and staff of a foundation to set internal expectations about what risks are acceptable, i.e., who is the foundation willing to offend and to think through how those who feel threatened by the change might respond. Second, by establishing and adhering to a risk allocation model, a foundation is able to measure whether its words about its willingness to engage in social justice grantmaking is matched by its actions to consistently take such risks. Each grant can be categorized as high, moderate and low risk. High-risk grants will carry a greater risk of controversy and

conflict but have a greater potential to create meaningful social change. High-risk grants are not likely to represent more than 25 percent of a foundation's grantmaking and, as stated earlier, do not require large grants. In addition, foundations should monitor the number and size of program and operating grants to help determine the extent that they are encouraging flexible responses by the nongovernmental organization.

It is important that foundations understand that social justice grantmaking encompasses a wide range of grantmaking strategies. Grants that support educating the public about social inequities or convening citizens on key issues that lead the general public to understand and then insist on reforms in some aspect of business or government can be of critical importance in transforming the existing system. Often, the challenge is to simply to give voice and public attention to troubling issues.

Similarly, supporting the development of organizations by the communities affected by social injustice is one of the most important things a foundation can do. The unfortunate reality is that foundations typically follow social justice trends rather than initiate the trends. This suggests that an essential strategy is to support the development and capacity of nongovernmental groups that represent the groups affected by the social inequity, so that they are able to express and advocate on their on behalf and, as a result, leverage greater support for their issue from all three sectors. In addition, these groups will have an uncompromising and impatient voice which makes them at once both effective advocates and worrisome to foundations who can't fully control them.

Foundations must articulate to citizens and representatives of the business and government sectors that foundations and nongovernmental organizations play an essential role within a democratic society of providing the risk capital to make society more

equitable. Without this argument being made consistently, with examples to support the claim, the government and business sectors are more likely to try to limit the role of foundations and the non-governmental sector to focusing on charity rather than social justice grantmaking. As part of this, foundations must become comfortable in publicizing their social justice grantmaking activities and in accepting the controversy that is likely to come with such activities.

### **Conclusion**

In a democratic society, foundations and grantseeking nongovernmental organizations play an essential role in helping to maintain balance between the competing interests of government and business in providing social equity for all citizens. When foundations fail to engage in social justice grantmaking strategies, the society loses a vital counter-weight for ensuring that all citizens are treated fairly. By such inaction, foundations also undermine a key justification for their role within a democratic society.

Finally, and perhaps most important, when foundations fail to engage in social justice grantmaking, it may lead those groups that are treated unfairly to seek unacceptable solutions for change outside of the democratic system rather than relying on peaceful mechanisms for change within the system. Only when social justice is achieved for all citizens can foundations legitimately focus all of their efforts on charity.

## Endnotes

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<sup>1</sup> Thomas A. Troyer, *The 1969 Private Foundation Law: Historical Perspective on Its Origins and Underpinnings* (Washington, DC: Council on Foundations, 2000).

<sup>2</sup> Alliance for Justice, “Support Grantees That Lobby,” brochure, [www.allianceforjustice.org](http://www.allianceforjustice.org) and Elizabeth J. Reid and Maria D. Montilla, *Exploring Organizations and Advocacy, vol. 2*. (Washington, DC: The Urban Institute, 2002).

<sup>3</sup> Emmett D. Carson, “The Roles of Indigenous and Institutional Philanthropy in Advancing Social Justice,” in *Philanthropy and the Nonprofit Sector in a Changing America*, ed. Charles T. Clotfelter and Thomas Ehrlich, (New York: The American Assembly/Columbia University, 1999), pp. 248-274 and Emmett D. Carson, “The Seven Deadly Myths of the U.S. Nonprofit Sector: Implications for Promoting Social Justice Worldwide,” in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, ed. Lynn Huntley, et. al. (Boulder, CO: Lynne Rienner Publishers, Inc., 2001), pp. 415-434.