

PHILANTHROPY AND THE REMAKING OF AMERICA
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It is a special delight to be in Denver and to participate in this conference of small and non-staffed foundations. I started my career in organized philanthropy as the director of a small foundation so I know first hand the potential you embody and the impact you have on our society. We are meeting today against the back drop of the turbulence of the financial markets and the anxiety that it has caused not just in the economy but throughout all sectors of our democracy. Yet, even before the events of the last few days, the dominant mood of our time had become what psychologists call a “free floating anxiety.”

The immediate aftermath of 9/11 was such a moment. Many of us will remember the period following the assassination of President Kennedy, Martin Luther King and Bobby Kennedy as such a moment. Americans, and indeed people around the world, are feeling that sort of anxiety again. It is not the result of an event, but a confluence of events. Some of our citizens feel a deep level of concern about the wars in which we are engaged; not just the human and economic costs, but anxiety about what the war is doing to our soul as a nation. For others, the anxiety may come from the recent mortgage melt-down, the high price of fuel, the routine rise and fall of the stock market, the almost daily announcements that medicines we thought were safe are not, the increasing disconnect between work and reward, and, of course, the devastating hurricanes of the last few years that remind us that disasters are no longer an aberration or an abnormal event. They are, in fact, the new normal.

We have reached the point where anxiety feeds on anxiety and we become anxious about the fact that we are anxious. Yet, deep within we want to believe that this too shall pass away, that we can look beyond the evidence and see alternative possibilities.

What does this mean for philanthropy? It is with that question in mind I have chosen to use this time together to speak about philanthropy and the remaking of America. The historian Arthur Schlesinger once wrote that the United States is never fixed or final. We are a nation, he said, that is always in the making. I want thus to look at three challenges for philanthropy that comes out of our constantly remaking ourselves as a society.

Providing hope as well as help

The first challenge has to do with whether we can go beyond providing help to also providing hope. When Maya Angelou, the great poet, author and playwright, reflected on the tragedies in her early life, she wrote that the spring of hope is often immersed in the winter of despair. Maya is reminding us that there is something both unique and irresistible about the capacity to transcend history, to see reality and still be able to look beyond to see something different and deeper.

Hope is not optimism based on what you see. Hope allows us to see beyond what is and to imagine what can and what ought to be. It is not so much an act of memory as it

is an act of imagination and courage. It is an acknowledgement that what you can imagine you can probably create.

In his 1997 book *Restoring Hope*, Cornel West wrote that optimism adopts the role of the spectator who surveys the evidence in order to infer that things are going to get better. Hope, on the other hand, enacts the stance of the participant who actively struggles against the evidence in order to make things better.

Napoleon Bonaparte once said, "A leader is a dealer in hope." Much the same can be said about philanthropy. Abraham Lincoln once said "the probability that we may fail ought not to deter us from the support of a cause that we believe to be right." The same can be said of philanthropy. Hope is the ability to do the right thing even when success seems illusive.

Many of our grantees are feeling the same anxiety we feel. We need to ask what we can do to enhance their effectiveness at a time when they are already stressed out in their daily lives. As chair of the Louisiana Disaster Recovery Foundation, I run regularly into leaders in the nonprofit sector who are suffering from burnout. They have been on the frontlines of response to the disaster around the clock for three years. Yet, they regard renewal as a form of selfish indulgence rather than as a way of re-tooling to serve others more effectively. Let me give you an example of the problem by telling a story about a logger cutting down trees in a forest. A man walking by stops to ask him how he's doing and the logger replies, "Not so well, I was cutting down lots of trees this morning, but for some reason I am not cutting down nearly as much this afternoon." The passerby then says, "Why don't you stop and sharpen the saw?" The logger replies, I can't do that. I have too many trees still to cut." That is a problem we have not adequately addressed in the nonprofit sector or in our own foundations. We need to provide time for both foundation staff and those they fund to stop and sharpen the saw.

The dignity of difference

Remaking America has also to do with recognizing and promoting the dignity of difference. Some in our time look at diversity and want to homogenize it to fit their comfort zone. They fail to understand that the more diverse we are, the richer our culture becomes, and the more expansive our horizon of possibilities. Jonathon Sacks, the British Rabbi who wrote the book, *The Home We Build Together*, argues that if we were all the same we would have nothing unique to contribute, nor any thing to learn from each other. Yet, if we were completely different we could not communicate and if we were exactly alike, we would have nothing to say. So the Rabbi concludes that we need to see our differences as gifts to the common good, for without a compelling sense of the common good, difference spells discord and creates, not music, but noise.

If philanthropy then is to help persuade others that diversity need not divide, we need a new paradigm of community for a society that is always in the making. The principle that works best for me, and which some of you may have heard me quote before, comes from the African American mystic, poet and theologian Howard Thurman who was fond of saying "I want to be me without making it difficult for you to be you." That's it. I want to be me without making it difficult for you to be you.

Can you imagine how different our world would be if more Americans were able to say "I want to be an American without making it difficult for an Arab to be an Arab, an Asian to be an Asian or an African to be an African?" Can you imagine how different our neighborhoods and communities would be if more Christians were able to say "I want to

be a Christian without making it difficult for a Jew to be a Jew, a Muslim to be a Muslim or a Buddhist to be a Buddhist.”

The potential of small foundations

A second challenge to philanthropy comes from the remaking of civil society and a new understanding of the potential of small foundations. Many of you have seen yourselves primarily as custodians of assets that you use for grantmaking. When I served as director of a small foundation, I came to think of philanthropy as the source of at least five distinct forms of assets: 1) conventional capital; 2) social capital; 3) intellectual capital; 4) moral capital; and 5) reputational capital.

Let me say a word briefly about creative leadership in managing each of these assets, beginning with **conventional capital**. We tend to see ourselves as grantmakers. I wonder how much our impact would increase if we started to see ourselves, as the Heron Foundation does, as harnessing all of our financial power to achieve our mission. With over \$500 billion of assets, philanthropy in the U.S has greater power, opportunity and responsibility than implicit in the 5% of the asset we spend in grantmaking. The question for leaders of the future is “Should a private foundation be more than a private investment company that uses some of its excess cash flow for charitable purposes.” At Heron where I serve as a trustee, we have decided that we should put the weight of our financial resources to work in service to our mission, and we have done so while continuing to grow our assets for use in perpetuity.

The second set of strategies for serving a public good has to do with **social capital**. Robert Putnam has popularized the concept and used it to refer to the idea of networks, norms, social trust and voluntary cooperation for mutual benefit. But Putnam, like Alexis deTocqueville and Robert Bellah before him, has not sought to apply the concept to foundations.

Communities throughout the United States have been experiencing a population shift that has brought new neighbors who are fueling the economy and a new middle class of color that 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. But before we can fully engage them in a common effort to build philanthropy, they must be made to feel that they belong, that their traditions are respected and their contributions recognized. 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 community can benefit from targeted efforts both to activate the latent charitable impulse and to provide information on the many incentives and options for organized giving.

Remaking philanthropy also includes the use of **intellectual capital**. Foundations have access to information, ideas and practices that can help shape community discourse and help strengthen community development. Many of the nonprofits we fund are engaged passionately in public life, but like Thoreau at Walden Pond, they build castles in the sky and then set out to put foundations under them (No pun intended). Foundations can help them to ground their passion into persuasive evidence by providing not just money but knowledge, data and useful information.

Another way of expanding the impact of small foundations has to do with the use of what Robert Putnam called **reputational capital**. This is often one of the most

overlooked contributions that foundations can make. Like conventional capital for conventional grantmaking, foundations can use their social capital as a kind of collateral for those whose formal credentials and written proposals under state their potential and reliability. A grant is a good housekeeping seal of approval that says to other potential funders and the larger community that the foundation has done due diligence and find this organization credible, accountable and effective.

The generational transfer of leadership

The third and final challenge and great opportunity we face in philanthropy has to do with leadership. We have given considerable attention to the generational transfer of wealth; now is the time to think about the generational transfer of leadership. Recent studies remind us of the coming transfer of leadership from the baby boomer generation to the so-called generation Xers. The questions that are being asked are: 1) will this much more global generation bring a different set of values and priorities; 2) will they lead differently; and 3) have we been preparing them for a fundamentally different world or have we been too busy trying to remake them into our own image?

Since I left the Council on Foundations, after almost fourteen years as President, I have spoken with many people in the United States and around the world about how best to meet the leadership needs of the 21st century. Some spoke of a need for a new civil servant who understands that bureaucracies can be both efficient and humane. Others spoke of the importance of political leaders who seek power to disperse it rather than simply dominate it. Some talked about the need for business leaders who understand that ethics is good business; that running a morally sensitive corporation can contribute directly to the bottom line. Others talked about the need for leaders in civil society who understand that they are custodians of values as well as resources.

When I analyzed what I kept hearing, I realized the need to think of leadership as a way of being rather than simply a set of competencies. Let me give you an example of why I reached this conclusion. It was my good fortune during my years as the United States Ambassador to South Africa to work with Nelson Mandela, one of the greatest leaders of the modern era. Heads of State and royalty from around the world still beat a path to his door to seek his advice on the issues of our time and, of course, to seek a photo op so that they can prove that they have been in the presence of this great and wise man. President Clinton once said of him that when he entered a room, we all stood a little taller. We all felt a little bigger, for in our best moments we wanted to be like him.

This is high praise for a man who had been incarcerated for twenty seven years, a man who went from political prisoner to president. He was in prison while the world economy was becoming interdependent. He was in prison while we were developing the internet. He was in prison while we were learning the potential of the cell phone. But he came out of prison, took over the leadership of his party and his country and never missed a beat because for him leadership was not just about knowing and doing. It was for him a way of being. His influence came not from the size of South Africa's military or its GNP, but from the strength of his ideals, the elegance of his humanity, his keen sense of judgment and the power of his commitment to the well-being of all South Africans. Philanthropy can, if we are bold enough, help shape a generation who understand that leadership is as much a way of being as it is a way of knowing and doing.

Let me conclude my emphasis on the great potential of small foundations by quoting Robert Kennedy's speech to students in South Africa forty years ago. Standing

on the steps of a student building at the University of Cape Town, he could have been speaking to small foundations when he said:

Let no one be discouraged by the belief that there is nothing one man or one woman can do against the enormous array of the world's ills – against misery and ignorance, injustice and violence ... Few will have the greatness to bend history itself; but each of us can work to change a small portion of events, and in the total of all those acts will be written the history of this generation."

I believe that a new generation of philanthropists are emerging who can bend history itself. To paraphrase Robert Kennedy, each time you stand up for an ideal, or act to improve the lot of others, or strike out against injustice, you send out a ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current that can sweep down the mightiest walls of resistance.

I know the work of small foundations and I am persuaded, therefore, that you have the capacity to send out not just ripples of hope, but to bend history itself. So when you leave this conference, I hope you will go out and prove me right. Small foundations have that potential. Small foundations working together have that power.