The Problem of Doing Good: Irving Kristol’s Philanthropy

Complete Edited Transcript
featuring Rachel Wildavsky • Leslie Lenkowsky
James Piereson • Roger Hertog • Amy Kass (moderator)

Reminiscences
Capitalism and Corporate Philanthropy  Kim Dennis
Irving Kristol and Philanthropy  Chester E. Finn, Jr.
Public Spiritedness and Conservatism  Hillel Fradkin
Our Godfather  Adam Meyerson

Foundations and the Sin of Pride: The Myth of the “Third Sector”
Irving Kristol

On Corporate Philanthropy
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The Problem of Doing Good: Irving Kristol’s Philanthropy

Complete edited transcript of the Bradley Center panel discussion held on December 15, 2009

featuring
Rachel Wildavsky • Leslie Lenkowsky • James Piereson
Roger Hertog • Amy Kass (moderator)

Reminiscences by
Kim Dennis • Chester E. Finn, Jr.
Hillel Fradkin • Adam Meyerson

And two essays by Irving Kristol on philanthropy

Edited by Krista Shaffer and Kathy Swain

Bradley Center for Philanthropy and Civic Renewal

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“It is possible to do good. It really is possible to do good. Doing good isn’t even hard. It’s just doing a lot of good that is very hard. If your aims are modest, you can accomplish an awful lot. When your aims become elevated beyond a reasonable level, you not only don’t accomplish much, but can cause a great deal of damage.”

These words, spoken by the late Irving Kristol to the annual meeting of the Council on Foundations in 1980, shaped his own giving as well. His generosity’s “modest aims” are embodied in several generations of young editors and writers who flourished under his personal instruction at The Public Interest, an influential journal of public affairs. At the same time, however, he arguably succeeded in the “very hard” task of doing “a lot of good.” For few individuals have influenced the flow of so many dollars to so many scholars, projects, and institutions, with such a profound impact on the course of American public policy.

On December 15, 2009, the Bradley Center hosted a panel discussion of the full range of Irving Kristol’s philanthropy. Panelists included James Piereson of the William E. Simon Foundation, Indiana University’s Leslie Lenkowsky, Rachel Wildavsky of the Tikvah Fund, and philanthropist Roger Hertog. The Bradley Center Director William Schambra moderated the discussion. The following text is an edited transcript, prepared from an audio recording of the proceedings.

Proceedings

WILLIAM SCHAMBRA: Good afternoon! My name is Bill Schambra, and I’m director of Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal. Amy Kass, Krista Shaffer, and I welcome you to today’s panel, entitled “The Problem of Doing Good: The Philanthropy of Irving Kristol.”

It’s a particular pleasure to have with us in the audience today Gertrude Himmelfarb, as well as Bill and Susan Kristol.

The invitation to today’s session included a quote from Mr. Kristol’s address to the Council on Foundations in 1980, the one and only time he addressed that august body: “It is possible to do good,” he maintained. “It really is possible to do good. Doing good isn’t even hard. It’s just doing a lot of good that is very hard. If your aims are modest, you can accomplish an awful lot.”

For those of you who aren’t involved in institutional

philanthropy, it’s difficult to appreciate just how heretical this observation was to the Council. But to give you some notion, consider a report just released by a major consulting firm specializing in “strategic philanthropy”—that is, philanthropy that makes “easy” the allegedly hard task of doing a lot of good. The report cites as an example of a reasonable and well-designed philanthropic strategy the plan by a foundation in one western state to make it the healthiest state in the nation.

The foundation established the more specific goals of ensuring that all people in the state have health coverage, that they receive “quality, coordinated health care,” and that they have access to the “components of healthy living, nutritious food, and the opportunity to be physically active.” Simply to meet the last goal, the foundation director explained, it will be necessary to see that all schools serve healthy food, promote physical activity, teach students about staying healthy, and provide medical services through school-based health centers. She continued: “We also promote healthy communities where people can buy fresh fruits and vegetables and where it’s safe for children to play outdoors and for adults to be more active.”

So how did Irving Kristol approach the problem of doing good—both a little good, in the lives of particular scholars and writers who learned their craft at his knee, and a lot of good, in the very life of the American republic? That’s the question to be tackled by our panel today, beginning with Rachel Wildavsky of the Tikvah Fund. She will be followed by Les Lenkowsky of the Center on Philanthropy at Indiana University, and of course a former president of Hudson Institute; Jim Piereson of the William E. Simon Foundation; and finally, Roger Hertog, one of the founders of Sanford C. Bernstein & Co. and president of the Hertog Foundation.

Following brief opening remarks from each of our panelists today, we’ll turn the session over to Amy Kass, our co-host today, for the question-and-answer period.

RACHEL WILDAVSKY: Thank you, Bill. Our topic today, as Bill has just explained, is Irving’s philanthropy—and I should open by saying that I’m not going to be able to speak to that subject with anything like the authority that my co-panelists will, because Les (Lenkowsky), Jim (Piereson) and Roger (Hertog) are philanthropists or they’ve been philanthropists at one time or another, and they’ve worked with Irving on these things and were to some degree in his confidence about these matters.

My relationship with Irving was different. It began when I was a beneficiary of his philanthropy. I was an intern at The Public Interest magazine in the years after I graduated from college—from 1981 to 1983. So I will use my time to talk about what it looked like Irving was doing from the intern’s chair. Bill (Schambra) invited me to be personal, so I’ll do that as well and try to describe a little bit of what Irving did for me. That will be of general interest because he did the same thing for many people as he did for me.
Before I begin on that, I had two conversations with Irving over the years which, although not directly about philanthropy, apply to our topic. The first one took place while I was at The Public Interest and speaks very much to what Bill was talking about at the beginning with the example of the foundation director who wanted to make everybody in the state healthy. We were in the office in The Public Interest and we were talking about some public policy—we were all arguing about it. I was defending idealism in public policy, saying, “Why not aim high? Why not dream big, ‘hitch your wagon to a star’? What’s wrong with that approach to public policy?”

Irving replied with a single sentence. He said, “Because it makes every success a failure.”

So that’s my first conversation with Irving about philanthropy among other things.

The second conversation occurred years later here in Washington. It was following a lecture that we attended about a social program that had been a success. The program had been designed to solve some big social problem. The speaker went on and on about how exactly the program had worked, and the idea was that if you replicated that success you would solve the big problem. Afterwards, I asked Irving to tell me what he thought of the lecture.

He said, “It’s too complicated.”

And that’s all he said. (Laughter.)

I took from Irving the idea that the things you can use are simple.

So those are my two conversations about our topic today that I can bring directly from him.

With that as backdrop let me describe what it looked like from the intern’s chair at The Public Interest. This is what [Irving] seemed to be doing:

Irving seemed, first of all, to find good people. He found people who had a grasp of the realities. He found capable people. He found people of good character. And then he found out what they wanted to do—he figured out what they could do. Assuming it made sense to him, the aims were modest, and the attempted project was reasonably simple, he would try to make it possible for them.

I think there were times when it worked the other way around, too—where he had an idea and he waited for the right person to execute it. He looked for somebody to give him the opportunity. It was a version of what we know in Washington DC as the expression “Personnel is policy.”

Second, Irving not only worked with people, he worked with communities of people, and I think in many cases these were communities of people that he had actually created. He brought them together. And even if he hadn’t brought them together, he maintained them by assembling regularly to talk. I think Irving understood that it’s very useful for people to be friends. It’s useful for them to talk and argue. It doesn’t have to be at a conference table in a meeting room with an agenda. Sometimes work comes out of a meeting, but not always. For the right kind of people, social life is productive. Irving understood that if you get the right people together, the ones who have some work to do together are going to find each other, and if what they want to do makes sense, you can then try to make that happen for them.

Very importantly, Irving invited interns to this ongoing conversation. This was very important. Soon after I arrived at The Public Interest, I remember one day we were told there was going to be a lecture that afternoon at the Institute for Educational Affairs (IEA), the sister organization that Les (Lenkowsky) was presiding over. I had never heard of IEA.

In the middle of the afternoon the whole office picked up and walked across midtown Manhattan to this other place—where, as it turned out, we knew everybody. They weren’t all from IEA. Some of them were from other organizations that I later learned were part of this whole loose funding network that was associated with each other. For me, a person from
San Diego who had never seen such a thing before, it was just a bizarre way to do business. But it was late in the day, and everybody seemed very happy to be catching up with each other. There was a buzz in the room—I had no idea who was speaking.

Over time there were many such conversations, many such gatherings over the year and a half that I was at *The Public Interest*, and we (interns) all got to go. Some of them were even in the Kristols’ home. These were the early years of the Reagan administration, and the new conservatives were very deeply involved in what was happening in the government, so some of these conversations that we young people were privileged to overhear were extremely important, consequential conversations. So it was really a thrill for us, and we felt that we were part of a community, that we were a part of something big. This emboldened us to go forward and to do other things, and some of my fellow interns from that year did go on to make very important contributions.

We were also a young part of this community, so Irving did cut us a lot of breaks. He was famously a friend of capitalism—we all know that. He didn’t like it when nonprofits turned their backs on the capitalism behind them. But in the management of his own nonprofit and specifically in the management of us he was not exactly a capitalist all of the time. Everyone who passed through *The Public Interest* remembers the lunches and the petty cash fund that paid for them—it was a manila envelope stuffed with bills and coins, regularly replenished and filed under 'c' for “cash” or ‘m’ for “money” or some such thing, I recall. We all remember that, and it wasn’t exactly capitalism—but I wouldn’t say it was socialism either. It was just that Irving was very nice with us.

But he did want us to understand about capitalism, and he did want to teach it to us. I remember one occasion when he did so: He gave me a raise. And I said, “Thanks, I really needed that.” And he spoke sharply to me and said, “That has nothing to do with it.” (Laughter.)

That was an important lesson. I am sure I took that insight into future salary negotiations with later bosses. I think I’ve even told the story to my children. Nonetheless I suspected even at the time that for Irving my needs probably did have something to do with it.

Of course, the best help that Irving gave us, above and beyond all of these other things, was the contact with his own mind. We sat there in that office which very famously had no walls or cubicles and we read and we wrote and we talked and Irving talked with us. Not all of the time—he had stuff to do—but he talked to us a lot.

Much as we loved the sound of our own voices, and we did love the sound of our own voices, when Irving talked, everyone was on the edge of his or her seat. Everyone was listening. There wasn’t one intern in that office who didn’t understand that when Irving spoke, it was something that you needed to hear. He had not only the affection of everyone in that room, but also all our respect without exception.

So, what did all of this do for me? The short answer is that Irving made an immeasurable difference to the entire direction that my life has taken, and I do mean *immeasurable*. I don’t know where I would have ended up if Leon Kass (who was then a professor at the University of Chicago) had not sent me to Irving after I graduated from college. If Irving hadn’t agreed to take me on, I’m sure I would be very far from here doing something very different. I don’t know what it would be, but it wouldn’t be nearly as good. And the truly interesting point for our conversation today is that I’m not the only one. There are many, many of us. We were not a big part of his life, but he was a huge and transformative part of ours. So I really think it’s worth mentioning how Irving did this, because he leveraged his life and his ideas to an extent that other people can only dream of.

So, in conclusion, how can we replicate what Irving did? Not to be negative, but I don’t think we really can. There are certainly lessons we can take away—for instance, the lesson about modest aims and simple means, the points he was making in those two conversations that he and I did have. But to do what
Irving did the way he did it, it’s just not a model that you can institutionalize. Because I think at the heart of what Irving did was this: He acted on what he personally knew. He had tremendous insight into what makes institutions work and what makes them not work. He was a superb judge of character. I’m sure he made some mistakes about people, but I don’t think he made a lot of them.

Now, one word about these gifts: Irving’s insight about institutions and about people seemed to direct him. He made both of these things appear like instinct. I don’t know if they really were. I have no idea—but maybe it was very studied. I know that he made it look easy—and whether or not it was easy for him, I don’t think it’s going to be easy for anyone else to imitate. It was sui generis, and to have benefited from it was wonderful—especially if you were a young person. To fall under Irving’s umbrella was an irreplaceable piece of luck. All you can really do is to say thank you. I’m so glad I had it.

Thank you for giving me a chance to say so today.

(Applause.)

LESLIE LENKOWSKY: Good afternoon. It’s always nice to be back at Hudson. Thank you for inviting me.


Now some of this grandiosity is undoubtedly inspired by publishers eager to puff up the importance of the books that they are trying to sell. But more than a little evidence exists that “real” philanthropists harbor such aspirations as well.

When John D. Rockefeller’s foundation opened its doors in 1913, it declared that its mission was “to improve the wellbeing of mankind throughout the world.” His contemporary descendent, Bill Gates, has more than a few times announced his ambition to cure the globe’s twenty deadliest diseases. Along with a host of public and private partners, the Pew Charitable Trusts responded to the attacks of September 11, 2001, and the “enormous uncertainty about what the future would hold,” as the grantmaker put it, by launching a national initiative to achieve “the ambitious goal of ensuring that every three- and four-year-old has access to a quality pre-kindergarten education.” This is just one of the more recent in a long line of such efforts, virtually all of which have failed.

Indeed, generation after generation of “philanthropoids,” as the critic Dwight Macdonald once termed them, has been taught to distinguish the work they do as staff members for foundations or large non-profit organizations from the activities of charities by emphasizing that they are committed to social change rather than simply helping the needy. Even social entrepreneurs, a new and supposedly more realistic group of philanthropists, often define their objective as not just giving someone a fish, or even teaching them to fish, but rather revolutionizing the fishing industry.

In his 1980 speech to the Council on Foundations, Irving Kristol took aim at this posture. He told this gathering of the leading grantmakers in the United

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5These quotes can be found in a version (but not the final version) of the Pew Trusts’ 2007 publication, The Pew Charitable Trusts Advancing Quality Pre-K For All, Five Years Later by Susan Urahn and Sara Watson, online at http://www.earlyeducation.org/Pew%20mid-point%20essay.doc (last accessed January 6, 2010).

States that philanthropists who thought they could change the world were succumbing to hubris, the Greek word for the sin of pride. He told them that they should strive instead to accomplish worthwhile but less ambitious feats, such as constructing schools rather than trying to reconstruct school systems. This recommendation has largely gone unheeded, at least by the nation’s most prominent foundations. Yet ironically a number of organizations that Irving advised, including several foundations, have had a far-reaching impact, albeit not necessarily a world-changing one. How they did so testifies to Irving’s confidence in the power of modest ideas.

Some might wonder what Irving was doing addressing the Council on Foundations in the first place. Since the meeting took place in a newly opened hotel adjacent to Irving, Texas, it might seem as though the fates had conspired in the invitation. However, the actual reason had more to do with the debate that was then under way about the future of American philanthropy.

The 1960s had been an eventful decade for grantmakers. Most of it was taken up by a series of congressional investigations that culminated in provisions of the 1969 Tax Reform Act, generally thought to be punitive towards foundations. Among the reasons for all of this attention was a growing inclination among foundations, led by the biggest and most powerful by far, the Ford Foundation, to become more actively involved in politics. Chastened by earlier investigations, foundations had wielded their influence warily, chiefly supporting research on issues of public importance or initiatives they could undertake more or less with their own money, such as building schools in the South, addressing one or another kind of scientific or health problem, and establishing museums and libraries.

However, in philanthropy as in much else of American life, the 1960s changed older patterns. For foundations, this meant that efforts to change public policy, empower minorities, and foster judicial activism, among other causes, became more attractive. Even though this resulted initially in a congressional backlash, a number of leading foundations came to see their role as more political than it had been.

An influx of new staff, drawn as usual from college and university campuses which themselves were well on their way to becoming radicalized, buttressed this stance. By the end of the 1970s, symbolizing the shift, the group representing the nation’s largest foundations, the Council on Foundations, began moving its headquarters from its longtime home in New York to Washington DC.

Irving recognized this change and understood its significance. Foundations he knew were essentially liberal institutions in the sense that they were dedicated to the idea of continually reforming, if not perfecting, society without much appreciation of the limitations and risks to doing so.

Thanks to their endowments they were largely unconstrained by marketplace or electoral realities. Moreover, believing that philanthropy was something different from politics, the business and social eminences who supposedly governed them were often not disposed to get in the way of their staffs. By aligning themselves with a more activist government and one whose aims they generally shared, foundations were becoming a stronghold for the new class of intellectuals and other professionals who were hostile to the sorts of virtues and practices on which democracy, capitalism, and not least of all, philanthropy itself, depended.

So what was to be done? Along with others in his writings and speeches, Irving called attention to these developments as much as he did to the expanding agenda of government. In contrast to Milton Friedman, who urged corporations to dispense with their social activities, Irving encouraged them to become more sophisticated in their giving, using it strategically for their own interests and the interests of capitalism more generally.

Not least important and not only for me personally,
he cultivated a small network of dissident foundations and their staffs, which ultimately led to the establishment of the organization now known as the Philanthropy Roundtable. In effect it was meant to do on a broader scale what Irving was doing almost by himself. This was what brought him to the Council on Foundations meeting.

In 1980, the head of the Exxon Education Foundation, Robert L. Payton, chaired the program planning committee for the annual conference. Payton, who would go on to become the first director of the Center on Philanthropy at Indiana University, knew of Irving’s efforts, and while not agreeing with his critique of philanthropy, thought it worth taking seriously. Besides, he liked a lively debate, and expected Irving to provoke one. That, alas, did not really take place, and only partly because the speech occurred as the conference was drawing to a conclusion.

More importantly, Irving’s cautions about the need to avoid philanthropic hubris were not what most of his audience wanted to hear. To the contrary, although Ronald Reagan’s election was then less than a year away, the big foundations and their acolytes were still intent on changing the world, though not in the direction it was about to change. Nor were dissenting views particularly appreciated, a situation that eventually led foundations like Smith Richardson Foundation and the John M. Olin Foundation to withdraw from the Council on Foundations altogether.

Thus there was a lot of surprise when many years later, organizations and writers on the left began examining the work of the grantmakers with which Irving had been associated, and concluded they had been far more effective than the kinds of foundations that had been represented in his audience. Although this assessment was undoubtedly in part self-serving, designed to pry more money from sympathetic donors, it also acknowledged the value of long-term assistance of a relatively small number of institutions including think tanks and magazines.

If not actual schools, the philanthropists Irving advised invested in schools of thought, sustaining and advancing ideas that accepted the world “as it really worked,” to evoke the title of Jude Wanniski’s seminal book on supply-side economics which Irving had brought to a foundation’s attention, rather than as philanthropists and their grantees would wish the world to be.5

This approach was sometimes difficult for Irving’s own allies to accept. Early in my own tenure as a philanthropoid, I put together, with Irving’s considerable assistance, a group of thoughtful people to discuss with key members of the foundation’s board what could be done about the culture and in particular its apparent hostility toward corporations.

The evening was stimulating, but by the end, my chairman, a can-do businessman, pressed for the big idea. He asked for the identification of one or two initiatives that a medium-sized grantmaker could support that would produce real cultural shift. A guest told him that the problem was that American society was too large and varied for even well-funded efforts to make a significant impact. There were no levers that could change the cultural world, a circumstance that was, on balance, a good thing.

This was not exactly the answer my chairman or others in positions like his was looking for. Many similar meetings on this topic followed. But so too did a number of grants that helped to launch a variety of modest efforts which have made valuable contributions over the years.

The lesson of this episode and at the heart of Irving Kristol’s thinking about philanthropy is that in grant-making, money is always the most plentiful resource. In shorter supply are good ideas about what to do with it, and the talented people who can use it most effectively.

A large endowment will never be large enough to change the world, just as a much smaller amount of money can often make a big difference if well spent.

Many of the problems facing philanthropy today stem from confusing assets with ambition, size with scope. Many of its successes have come from thinking more modestly, supporting smaller lights that can cast large shadows.

Jewish grandmothers have been known to ask their over-educated and self-important grandchildren to explain why, if they are so smart, how come they are not rich. (Laughter.)

Among philanthropoids, the temptation is always to think that because they are surrounded by so much wealth, they must be smart. This is the sin of pride, and Irving Kristol pointed out a generation ago that it is a barrier, not only to changing the world, but even to making modest improvements.

There is a lot of wisdom in Jewish grandmothers, and in Jewish godfathers.

Thank you.

(Applause.)

JAMES PIERESON: Thank you, Les (Lenkowsky). Thank you, Rachel (Wildavsky). I am delighted to be here. Thank you.

In the past twenty months we have lost two intellectual giants of modern conservatism—first, William F. Buckley in early 2008, and now Irving Kristol, this past September. Other influential figures have fallen as well, including Jack Kemp, Richard John Neuhaus, Paul Weyrich, Robert Novak, and Samuel Huntington, to name just a few.

This is why hectoring declarations from some quarters about the death of conservatism right now cut rather close to the bone. Buckley and Kristol, in their ideas and personal styles, remind us of the variety and contradictions that give strength and appeal to modern conservatism. Buckley was a father of modern conservatism; Kristol, its godfather. Buckley gave birth to a movement; Kristol guided it to maturity and showed it how to win. Buckley was born to conservatism; Kristol fought through countless obstacles before arriving there. Buckley was aristocratic; Kristol, relentlessly bourgeois. Buckley was Catholic; Kristol, Jewish. Buckley went to Yale; Kristol, City College (of New York). Buckley was sui generis; Kristol was everyman. Buckley wrote books, many of them—he was even an accomplished novelist; while Kristol was an essayist of a high order. Buckley had a television program, and a long running one (the PBS program Firing Line, 1965-1999); Kristol, a column in the Wall Street Journal. (As member of the Wall Street Journal board of contributors, he had a monthly column from 1972 to 1997.) Buckley attacked the premises of modern liberalism; Kristol exposed its destructive consequences.

They pursued a common goal—that is, to keep America strong and vital—but arrived there through widely divergent paths. Both men founded magazines, created ancillary organizations to spread the message, and recruited influential allies to the war of ideas. Buckley did it first in the 1950s when he founded National Review, Young Americans for Freedom, and the Intercollegiate Studies Institute, later adding Firing Line to his stable of enterprises. Kristol followed suit in the 1960s and ’70s with The Public Interest, The National Interest, and the Institute for Educational Affairs. Kristol, of course, had also been active in the 1950s as the editor in London of Encounter magazine, which however was very far from being his own enterprise. Both had to raise the money for their ventures, which brought them into contact with business leaders, investors, and foundations.

Yet the path that Kristol followed into conservatism along with his diagnosis of the ills at the heart of modern liberalism caused him to reflect more deeply on the role of philanthropy in post-war America, and indeed how these troublesome tendencies were crystallized in the programs of major philanthropic foundations.

Irving Kristol saw that the modern distemper was rooted in a temptation to utopianism—that is, in a belief that all problems could be solved if only men...
and women of good will dedicated themselves to the enterprise and if they enlisted government in their crusade. “Nothing is impossible for a government that wants the good of its citizens,” or so the proposition goes.  

Utopian thought has been with us since ancient times, but Kristol wrote that what makes modern utopianism different is the belief that plans for perfection can be brought into reality and are not merely works of the human imagination designed to demonstrate the gulf between reality and perfection. This gives a different cast, at once more ambitious and dangerous and less anchored than the real lives of people whom it seeks to save.

Irving liked to quote William Whyte, who wrote in *The Last Landscape* (Garden City, NY: Doubleday, 1968) that if we examine all the shiny plans for new and wonderful cities that have been put forth by urban theorists, there is always one thing certain to be missing—that is, a cemetery.

While most people are too tied down to the real demands of life to permit themselves to think in these terms, the private foundation operates in a zone of freedom that even a dictator might envy. The typical large foundation has few ties to society, few institutional restraints on oversized plans and programs, and rarely is it asked to pay any price for the damage it might cause in the pursuit of its goals.

The holy priest of past times practiced self mortification to remind him of his flesh and blood limits, and the rabbi was ever reminded of this point by the torment and suffering of his people. But the foundation officer can expect only praise from the recipients of funds dispensed.

The Ford Foundation’s efforts to remake the New York City school system in the 1960s was an apical event for those who may have been prone to think that good intentions are all that are necessary to produce beneficial results. Talk about unanticipated consequences! The experiment in community schools set the teacher unions against radical activists and turned loose a torrent of ethnic and racial vitriol that most New Yorkers were stunned to hear in their enlightened city. The enterprise came close to wrecking the liberal consensus in New York City.

But no matter, the Ford Foundation moved on to other causes. And that episode surely caused Irving to do some serious thinking about the role of foundations and corporations in our modern liberal society. As he noted in that (Council on Foundations) speech, he had little use for the rhetoric and platitudes banded about in the world of philanthropy: “social justice,” “equal rights,” and especially the concept of “the independent sector,” which he regarded as a special conceit of the world of philanthropy drawn from the belief that people who work in philanthropy are above the give-and-take of social life and are thus in a position to prescribe disinterested remedies for everyone below.

Irving, as we know, prescribed an antidote to the reformism of the establishment foundations, which was to urge business leaders to create foundations that would invest in rebuilding the moral capital of a free society. He never defined that concept with any degree of precision, so far as I know. But most of us had a good sense of what Irving meant. After all, we needed only to follow his example in demonstrating the superiority of liberal societies to the alternatives that were typically held up against them.

Importantly, he called for a defense of the private sector—not so much against the growth of government, although that was a concern of Irving’s, but against the politicization of private institutions.

Just as an aside, I would say that Irving’s efforts in the world of foundations turned out to be greatly successful, which I’ll comment on in a moment. But the

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7For more on this episode in the Ford Foundation’s history, see Chapter 6 of Martin Morse Wooster, *Great Philanthropic Mistakes* (Hudson Institute’s Bradley Center, revised and updated 2010).
effort to reform corporate philanthropy I think large-
ly failed. The world of corporations has undergone a
tremendous change over the last thirty years. Irving
saw it happening. He tried to do something about it.
But I think the world of the corporation which one
could look to thirty or forty years ago as a source of
conservative ideas in America is largely gone.

I first encountered Irving Kristol in 1981 when Bill
Kristol, who occupied an office next to mine in the
Political Science Department at the University of
Pennsylvania knocked on my door to tell me that
a foundation in New York wanted to hire someone
with knowledge of academia. I knew little about
foundations except for what I had read somewhere
in the *New Yorker* about the Ford and Rockefeller
foundations, and I had never heard of the John M.
Olin Foundation.

I learned later that the information about this position
had been conveyed through Bill through his father,
who was, as I was later to learn, an advisor to the Olin
Foundation. A few phone calls later, I found myself
in the office of Michael Joyce, then the director of
the foundation, with an office on Park Avenue.

Mike, I’m sure, must have thought me slightly oth-
erworldly in my academic habits, but he chose to
hire me anyway, and before long I was living in New
York City, and spending my days with Mike and his
able staff learning about philanthropy. Irving’s writ-
ings in the *Wall Street Journal* figured prominently in
my education at the time, for they frequently evoked
themes of capitalism, the new class, and utopianism
that we found so helpful in orienting ourselves to the
post-1960s climate of intellectual opinion. I soon
learned that Robert Bartley, then the editor of the
*Journal’s* editorial page, was another of those whom
Irving had brought under his wing.

We devoured Irving’s writings. At that time we were
searching for a workable point of view that would
give us a solid place to stand in the public debates—
on issues of poverty, equality, welfare, redistribution,
taxation, regulation, foreign policy, and capitalism.
Irving more than anyone else provided that point
of view and sustained us in a period when we were
groping for a place to stand.

Yes, we were neoconservatives. Not in any dogmatic
sense, but because Irving showed us that here was a
way forward, and here was a useful point of view.
And we were always eager to make the short walk
over to his small book-lined office on 53rd Street,
where he put out *The Public Interest* in demonstra-
tion of the fact that the look of a magazine is no mea-
sure of its influence. (Laughter.)

And so we relied on Irving’s advice on a nearly daily
basis, invariably offered in his unflappable and avun-
cular style. An early example of this occurred when
Charles Murray published an article in *The Public
Interest* on welfare, and Irving urged him to write a
book about it, which led to the collaboration among
several foundations, Olin included, to support the
writing of that important book.8,9

The other dominant figure at Olin at that time was
of course Bill Simon, the larger-than-life figure with
whom Irving collaborated in creating the Institute for
Educational Affairs (in 1978). Simon was as mercu-
rial as Irving was unflappable. (Laughter.)

In those early days, Mike Joyce often found himself
cought between the two, trying to explain Irving to
Simon, and vice versa. In watching this I felt a little
bit like Rosencrantz and Guildenstern—

(Laughter.)

JAMES PIERESON:—stumbling into Hamlet’s cas-
tle, observing a scene impossible for an outsider to
understand. Later, I’d be called upon to do the same
thing.

Irving, as it turned out, was not only an advisor to

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8 Charles Murray, “The Two Wars against Poverty: Economic Growth and the Great Society,” *Public Interest* 69 (Fall 1982), 3-16.
Olin, but also had the ear of Les Lenkowsky, then the director of Smith Richardson, and Dick Larry, the president of Scaife. They listened to Irving for the same reasons we did, and they supported his enterprises. Within a few years Mike Joyce moved to Milwaukee, and I stepped up to succeed him at Olin, where I stayed for twenty years, never forgetting the lessons that Irving taught.

It’s fair to say, I think, that during this period in the 1980s and 1990s Irving exercised a dominant intellectual influence over the four major conservative foundations, Olin, Scaife, Bradley, and Smith Richardson. This is a fact not well known because Irving exercised his influence with a light touch and really never made it known to the public. It is also fair to say, I think, that such success and influence as these foundations enjoyed over that time were due to their good sense in listening to the advice of Irving Kristol.

It’s not hard to see, after rereading some of these essays, why he was so influential. He wrote clearly. He went to the heart of a problem. He thought in broad terms. He knew the background of current debates. He said what others could not bring themselves to say. He was not doctrinaire. He carried his reader along on a stream of logic until his conclusion was irresistible.

A writer with the influence of an Irving Kristol is always an accident, a mixing together of history, circumstance, intelligence, and hard thought. No one could emulate him and no one could replace him. He was, in his way, *sui generis*, like Buckley, but different.

It is enough that he was there for us when we had great need of him. We can still see him now, in his checkered sport coat, the wry smile, the dismissive wave of the cigarette, the unexpected insight, and of all the men we have known, surely the wisest.

Thank you.

(Applause.)

ROGER HERTOG: Good afternoon. When I got this invitation from Bill Schambra, I thought, of all the people out there what could I possibly say? Why am I even here?

Like many of you, I learned a great deal from the writings and achievements of Irving Kristol, but I would never presume to speak about his vision or his legacy with any special authority. He was a great mind, and a great intellectual entrepreneur—a rare combination. And frankly, I was tempted to simply read Irving’s speech that he gave thirty years ago to the Council on Foundations in which he captures much better than I ever could how he saw philanthropic giving.

His message was both very wise and rather straightforward. Don’t get wrapped up in the changing world—for one thing you won’t live long enough to change the world, and for the other, the world is very hard to change. Those with grand impractical visions can often make things much worse than rather somewhat better.

I have been involved in philanthropic activities for about two decades or more. I’ve been involved with many ventures and institutions. Some have failed, some have succeeded, and some are now just getting off the ground. The range is diverse, so let me give you some sense by way of example of these kinds of efforts: think tanks in the United States and in Israel, an archeological dig that may have discovered the remains of King David’s palace, a new program at Princeton University that aims to educate future intellectual leaders of the Jewish people, a new summer program in Washington DC devoted to the study of political thought and political leadership, the first new library building in the Bronx since the 1940s, various publications, a newspaper that sadly failed, journals, magazines, books devoted in different ways to thinking and arguing about the future of America and the Jews, an honors program at the City College of New York, and grand strategy courses at four universities modeled on the Gaddis-Kennedy course at Yale. All of these ventures are very different, yet all of them have taught me a handful of lessons, some-
times the hard way, that shape how I think about philanthropy.

But it is also true that most of my experience comes from the world of business. Believe it or not, business has a lot in common with philanthropy. Successful businessmen don’t get carried away with delusions of grandeur. If they do, they go bankrupt. We’ve witnessed several of them in the last couple of years. My business experience, which centered on working to develop an investment firm that I was involved with for forty years, taught me that the most important thing I had to do was to find the right people—people who were passionate about accomplishing a given initiative. People with vision, ideas, energy, and most importantly, good judgment. In philanthropy as well, the first task is to find the right collaborators, just as in business. You make mistakes, but a few good men and women can make an enormous difference in the field, be it politics, think tanks, or the universities.

The task is most complicated in the university space, in particular, and in the world of ideas in general. Universities are filled with people who are intellectually gifted, or certainly who think they are, but who don’t necessarily have a large vision. Or if they do, often I don’t agree with it and don’t necessarily want to invest with them.

I myself have been fortunate to find a number of individuals who are not only intellectually inspired, but also sober and strategic. They are people who won’t let a surplus of belief and an absence of skepticism skew their judgment. A prime example is Eric Cohen, the executive director of the Tikvah Fund, who also works with me at the Hertog Foundation. And then there’s Neal Kozodoy, who has invaluable experience across a spectrum of our activities.

Another central tenet of our philanthropy is that we’re willing to take risks. In business if someone was working for me who never made a mistake, I’d be pretty sure that they were not taking enough risks. Too many risks, too many mistakes, well that’s another story. What allows you to take risks is to make enough bets—investments—to diversify away much of the negative selection. If some of your bets don’t work out, others probably will. So in the long run you’re pretty sure to have some success, and what you have to do is to keep on investing in the ones that are succeeding, and cut off the ones that have failed.

And finally we look for potential leverage. We look for leverage in almost everything that we do. I don’t mean “debt” in financial terms, but the ability to influence the most important people and places, be they readers of the best books and magazines or the very best students in the very best academic programs. Leverage as we see it is not defined by numbers, but by quality. Our goal isn’t to attract the largest number of people to our causes, but to attract those who will do their own attracting—who can win over the most influential audience.

I’ve often used the word “cream-skimming.” I actually saw this recently when I read Irving’s speech at the Council on Foundations—he referred to it as “creaming.” It’s the same idea. In business, “cream-skimming” is a real business strategy. What it meant to us was trying to attract the very largest customers whose retention would require the least amount of overhead per capita and thereby yield the highest profit margins. In philanthropy it might mean something like starting a summer school at a university where they have already paid for the physical plant, the professors, and the costly process of attracting the very best students.

In the Jewish world we followed this strategy at Princeton. Last summer we established the Tikvah Center for Jewish Thought. On the political side we’re going to do to it this summer for the Hertog Political Studies Program in Washington, which aims to attract twenty-five of the very best undergraduates to pursue an intensive program led by Hudson Institute’s John Walters. The universities involved have already selected the very best young people. Our challenge is to cull the very best of the best, which we do by asking the most outstanding teachers which of their students are the most talented.

What we don’t believe in is endowing chairs or cre-
ating permanent income streams. Not that we’d nev-
er do it, but our gifts tend to have a three-, five-, or
maybe a seven-year time horizon, with explicit ob-
jectives to reach during that time, and small advisory
boards—perhaps three or four friends or other inves-
tors who have like ideas.

We’re willing to be very generous during the up-
front period, during the grants’ predetermined time.
But our grantees know that they cannot become de-
pendent upon us in the long term. They have to find
other donors; they have to build their own business,
other funding sources to help to carry them on.

The long term goal of both Tikvah and Hertog is to
go out of business over the next twenty years. There
are pluses and minuses to this policy. I have agonized
over it many times. Oddly, one of the reasons for go-
ing out of business is that the notion of permanence
can be dangerous. It can lead in time to a runaway
board, a runaway set of purposes that tends to stray
from donor intent and, forgetting even donor intent,
from the underlying conception of the way the world
works. Things can go farther in a different direction
than any of us would have ever thought.

On the other hand, as the sunset date looms closer,
there’s a danger that you’ll give away the money in-
discriminately in order to end the entity on time. The
notion of time actually starts to work against you.
You’re looking to shut the institution down. You may
push too hard. Hopefully we’ll find the right path be-
tween these two extremes.

Woody Allen, the great moral theorist, advised that
one path leads to despair and hopelessness, and the
other to total extinction. He went on to say, let us pray
we have the wisdom to choose correctly. (Laughter.)
This means, for us, being both bold and modest, and
expecting many failures in search of meaningful
successes whose long-term impact may not be com-
pletely known until after we’re long gone. It’s a hard
business, but it’s a rewarding one.

Thank you.

AMY KASS: Thank you all (to the panel) very much
and thank you all (to the audience) for coming. We
will open the floor to questions in a few minutes, but
before that I have one or two questions to ask, to per-
haps generate some conversation among the panel-
ists.

My first question really draws on things that almost
all of you have alluded to. The speech that we were
all asked to read today, called “Foundations and the
Sin of Pride,” has a certain teaching, Irving’s teach-
ing of moderation in philanthropy and doing the do-
able. It may appeal to our common sense. But isn’t
such a prudential teaching like this perhaps at odds
with what seems usually to attract resources and to
inspire people to be philanthropic?

The philanthropic impulse, generally speaking, as
Irving acknowledges in his essay, seems to draw sus-
tenance from large and grand visions and aspirations.
And as we all know, moderation has never been an
easy sell in democratic times, perhaps especially so
today. In fact, all of you have either worked for foun-
dations or started foundations of your own, each of
which was inspired by its own noble vision.

So, this is the question. In part, Roger (Hertog),
you’ve already addressed it. But perhaps in conver-
sation with others we could flesh it out a little more.
Can you really square modest expectations with vi-
sion, purpose, and high aspirations?

ROGER HERTOG: I’m sure if we were sitting here
today and Irving Kristol laid out all of these pro-
grams which he influenced—Olin, Smith Richard-
son, Bradley—they would not sound modest. The
underlying philosophy was modest. It wasn’t delu-
sions of grandeur.

If you’re going to be a risk taker, you’re going to
have to bet sometimes. Starting a newspaper is re-
ally a stupid idea. (Laughter.) But it had a chance
of success, and had it been successful in New York
City, it really could have changed the entire debate
in New York City. We couldn’t do it. So, whatever you would define it as, it certainly wasn’t modest; it certainly is the highest form of hubris, right? We’re going into this Internet era, a collapsing economy, and a very liberal city, and it’s a center-right newspaper. This is a prescription for real—it brings new meaning to the term “passive losses,” the accounting term for when you lose your money and you can’t even deduct it.

I don’t like to get caught up on this philosophical definition of it, because each one of these programs is very different. And you’re going to have to bet. Now if you reach too far, then you can crawl back; I mean, it’s going to fail. But if you know whom you’re working with, you basically have some measurement, some set of objectives. You basically have a place where you can do it that is relatively secure. You’re not going to be undermined in a university space by some change in the provost or another.

I think taking risks are good, and sometimes, it will appear that you’ve made a terrible mistake and you’ve reached too far. But if you don’t ever reach too far, I don’t think you will accomplish very much.

AMY KASS: How about the rest of you?

LESLIE LENKOWSKY: It’s very important to keep in mind that there are about 70,000 foundations now in the United States, and most of them are relatively small. They’re run by people whose idea of what they should do with their money is to give scholarships, help the local hospital, and do something to give back to their communities for what they believe their communities have given to them.

What we’re talking about here is an issue that arises in large foundations for the most part that define their missions broadly enough so that—well, it’s the “changing the world” folks. And they do want to change the world. They’re the ones who continue to do these grand collaborations and partnerships and so forth which overreach in their expectations.

It’s not obvious to me from dealing with a number of these people over the years, and I’m going to give a very concrete example, that this is the only way to go. In the State of Indiana, we do have a large foundation called the Lilly Endowment. There was a period of time when, thanks to the growth of Lilly’s stock, the endowment became the largest foundation in the United States. A newspaper interviewed a scholar on philanthropy for her reaction, and she stated that she didn’t know where Lilly was going to find enough projects to spend their money on in Indiana. (Laughter.) In truth, despite having billions of dollars in their endowment, the Lilly Endowment has been focusing chiefly on Indiana projects of one sort or another. Indeed, one of its most famous projects was an effort to create community foundations in every Indiana county, the idea being, of course, that you wanted to enable counties to deal with their own issues.

Now, this is not the only model. In fact, we’ve seen a number of examples like Lilly in recent years. The Danforth Foundation used to be a very typical kind of broadly based foundation, and then it decided there was a lot that needed doing in St. Louis. And there sure is. So I don’t think it is the only model. And I think you’re asking why the large and grand visions are more popular among the kinds of people who establish foundations—and I’m not so sure it is.

AMY KASS: Les (Lenkowsky), what is the difference between overreaching and taking risks?

LESLIE LENKOWSKY: Risks come in all varieties. There are risks that are more prudent than other risks. I actually sit on the board of a foundation, and one day I thought I’d killed the executive director after he’d reported on all of the great successes we’d had and I asked him to tell us a few things about our failures. He really didn’t know what to do.

I really agree in part with what Roger (Hertog) was
saying. In fact I used to use almost the same analogy that a grantmaking portfolio is very much like a stock portfolio. You have to have some things that you are pretty sure are going to pan out and other things you aren’t so sure about. But you evaluate those, you look at those carefully. You don’t claim that you’re going to change the world without the slightest idea of how to do so.

RACHEL WILDA VSKY: Maybe I’m not understanding the question, but if I do, I don’t necessarily think that a practical or prudent approach to philanthropy has to be uninspiring. When you read Irving’s speech, it’s such a fantastic speech; you feel like calling someone up and reading pieces of it aloud to them on the phone. It’s a very inspiring speech about taking a scaled back and prudent approach to your work. The practical truth of something can provide its own source of inspiration, and so there doesn’t maybe have to be tension between these two things.

JAMES PIERESON: Irving didn’t always follow his own advice. Certainly his advice to Ronald Reagan in various ways was not modest, and if you read the essay that he wrote to launch The National Interest, he called on Americans to embrace a war of ideology to bring down communism. So Irving certainly was capable of thinking big, and he often did.

I think our aims at these foundations were not particularly modest—we wanted to beat the liberals. And we were looking to Irving to show us how to do it. Irving felt that this utopian effort, not to necessarily remake society but to accomplish all of these great things, was going to overwhelm the institutions of a liberal society, which he saw as the key to the good life. So in “doing good” they’re going to overwhelm all of these community efforts to govern themselves, and to decide for themselves how they ought to live. Irving saw this tremendous conflict between this desire to do great things and the self-governing institutions of a free society, and he thought the latter was more important than the former. So Irving certainly had a big vision. He just thought you ought to know what you are doing before you embark on it.

AMY KASS: But he also says to do the doable.

JAMES PIERESON: Yeah. Find people who can do the job. Work at it day by day, build it year by year. You’re not going to overturn this thing. And all of the things that the various foundations did—we had no idea in the early days how influential any of them were going to be. It was only after we accumulated this work over ten or twenty years that we saw it had a profound effect. We had no clue that many of the people we funded would be successful. Allan Bloom was just a teacher at Chicago. We had no idea he would become a celebrity. It was just an experimental exercise that, over a period of time of doing it this way, yielded some significant results.

AMY KASS: But you didn’t begin that way.

JAMES PIERESON: We didn’t begin with any set program. We were sinking! We had no idea where to stand in making these arguments against the welfare state and against other aspects—disarmament, universal human rights. We had no place to stand. We were groping to find a point of view that would allow us to move forward, and that was what made Irving so important.

AMY KASS: Does anyone want to add something else?

ROGER HERTOG: If you watch Arguing the World, the wonderful PBS program that was done on the whole group that built The Public Interest, the project of starting a magazine where you actually believe that you’re going to change the minds of the vast majority of the intellectuals in this country at the moment of its highest power and influence was an enormously audacious project. But Irving thought ideas really did matter. I think that is where the central element is. He put it very elegantly, but I think actually that its simplicity captures it: “Don’t create a new school program, create a new school.”

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11 Irving Kristol, “Foreign Policy in the Age of Ideology,” The National Interest (Fall 1985).
LESLIE LENKOWSKY: But you know, Roger, I want to call you out on that one because you raised an issue that is often raised in this context, the issue of short-term grants and having them work out over five to seven years, after which time you expect the recipient to be self supporting—I think that is more or less what you were saying. That ties in with this idea of limiting lifetimes for philanthropies. Those are both long established ideas. They have a lot of merit. But I still remember every year when Irving would come in for his annual grant for The Public Interest, and my boss at the foundation would ask how much longer we were going to keep funding them. And I used to have this little trick. I would tell him that we should just put in another $10,000 for fundraising. I think that is where the lunch fund came from, to be honest. (Laughter.)

And we would have this little game going on. A number of these institutions—and I speak as the former president of one—are themselves much too dependent on short-term funding. While it is true that perpetual foundations often lead to perpetual mischief, it is also the case that some very large foundations have now dissolved, John M. Olin being one but there are others as well. And they aren’t being replaced to any great extent. So I wonder whether we really need to reconsider the value of what I would call “institutional support” by institutions that are prepared to be in it for the very long haul.

ROGER HERTOG: Well, I think it is a valid point. I don’t think things have to end on the fifth year. But on the other hand, I think there’s a danger in being too dependent on too few sources of income. Then when John M. Olin goes out of business, too many institutions have such a high form of dependency that they really can’t succeed in the way that they had before. It’s very much like a business. You need a business model of some sort—some set of customers, some set of donors, some set of individuals who want to come forward.

Irving was blessed in that period of time when three or four very large foundations actually went into business, in the late 1960s and early 1970s. Today it would be a much more difficult job. So the question is, what is the advice for somebody who wants to start a small venture? I would say, try to get as broad a diversification as you can of donors—and there are enough of them; you just have to seek them out. It’s a worthy project.

AMY KASS: Do you agree, Jim (Piereson)?

JAMES PIERSON: It depends. There are many organizations where it is good that they have a broad base of support. There are many that, by their nature, are only going to wind up having a few people who will support them. We funded a magazine called The New Criterion over twenty-odd years. That magazine after twenty years had just a few donors, and in the nature of things it will only attract a few donors. Some of the academic programs we funded—the Allan Bloom program and others—those programs will not attract a lot of donors. So it depends a little bit. The Federalist Society, yes, has branched out; it has many donors and sustains itself. It doesn’t need the original funders anymore. That’s a standard model. It doesn’t apply to all programs.

AMY KASS: Rather than ask any more of my own questions, I am going to open the floor to the audience. I am sure that some of you have questions for these people.

HILLEL FRADKIN, Hudson Institute (formerly of the Olin Foundation and the Bradley Foundation): I wanted to offer a couple of observations, if I may, beginning with the question that Amy raised about the balance between ambition and—I don’t know what the alternative is. Caution?

AMY KASS: Prudence.

HILLEL FRADKIN: Prudence. I want to say something that bears, it seems to me, upon what Irving did that wasn’t entirely expressed, or primarily expressed, through philanthropy—it was his innovation with respect to political thought, generally, and conservative political thought in particular. What characterized his conservatism was public spiritedness as
distinct from an older form of conservatism and a still-existing form of conservatism. What I mean by that is, Irving obviously argued that there were lots of things that government shouldn’t do, and that the private sector was important. But he also held the notion that there were things that people should do in public life. Public spiritedness, by which I don’t mean utopian undertakings but rather something ambitious one does in public life, was the spirit of his endeavors.

And to the extent possible, he actually conveyed that spirit to the foundations which he guided, sometimes against the grain, I think. There was a kind of conservatism which had as its guiding star the wish, as impossible as it was, just simply to see the government drastically reduced or if possible disappear, and that seemed as utopian to Irving as the opposite tendencies. That, as a general principle, can be in some sense applied to philanthropic work. It worked out in practice, in my experience of dealing with Irving on philanthropic matters—something along the lines that Roger Hertog said.

Irving advised me—when I went to work for Olin and Bradley, I asked him how we should go about this, and he told me basically to find good people and fund them until they really screw up a great number of times. (Laughter.) But don’t stop funding them the first time they screw up because—to paraphrase Rachel’s earlier phrase—some failures are successes.

The other thing he was extremely hostile to especially in his own case was a great deal of bureaucracy in philanthropic activities, of which I will offer the following example: We, too, supported *The Public Interest* each year. And at certain times it was my job to remind Irving to send us an application. (Laughter.) This is not usually what you have to do with grantees. They usually remember all by themselves. And so I did so, and Irving said to me on one occasion, “My, you’re getting awfully bureaucratic.” I told him that the board probably does expect a letter. He asked, “How long should the letter be?” I told him that a page or a page and a half would suffice, because it was from him. And he said, “Okay. You write it; I’ll sign it.” (Laughter.) And that’s the way we did business.

AMY KASS: Other questions, comments? Please.

ADAM MEYERSON, Philanthropy Roundtable: Our organization, as Les (Lenkowsky) said, is one of many that has been intellectually and institutionally shaped by Irving Kristol. I have a question about the hubris that Irving talked about in this speech, which was not only the grandiose aspirations but a kind of moral vanity that somehow philanthropy was superior to the other sectors of society—both government and especially the business world. And I wondered if panelists would talk about the extent to which philanthropy is different from those other sectors. Why did so many of Irving’s institutions depend upon philanthropy as opposed to being able to support themselves through the market or through government? What is it that philanthropy distinctively has to offer?

LESLIE LENKOWSKY: Here’s a little piece of the history I was retelling earlier. If you look back into the 1970s, you would find very little usage of the phrase “nonprofit sector.” We would usually refer to these organizations as charities, tax exempt, maybe non-governmental. But the phrase “nonprofit sector” was invented, and this is pretty well documented by a historian named Peter Dobkin Hall, right around the time I was describing in the 1970s really to do exactly what you suggested—to suggest that there was a sector that was somehow different from and implicitly superior to the private sector, the business sector, and also had the same kind of public aspirations but in a way better than government.12 That self image is part in parcel of what was going on.

I remember we used to talk an awful lot about whether there really was such a thing as the nonprofit sector. The nonprofit sector is part of the private sector. That’s the way it operates. The fact that it’s a non-

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profit sector only has to do with how you compensate its owners. It doesn’t have much to do at all with how it operates. In fact, across the nonprofit sector as a whole the single largest source of income is not grants but commercial income of one sort or another. As I tell my students, think of your tuition bills—that is what it is.

More specifically, with regard to these kinds of organizations, why was it necessary for philanthropy to provide support for them? I think that was the back part of your question. And I think it’s largely because we’re talking about organizations that to one degree or another appeal to very small tastes at least initially. The standard argument we use for explaining why people give is that it’s in order to support things that reflect their own sense of what’s worth supporting—not necessarily anything much broader than that. It’s certainly true of the kinds of organizations we’re talking about here.

In our annual grant cycle at The Public Interest I had to explain the fact that it had less than ten thousand subscribers in an excellent year. So that would ultimately lead to a grant to increase the marketing of the magazine, which would further enhance the food fund. There was just limited taste for that kind of thing, but I think as Roger suggested, it’s not the quantity that matters but the quality.

AMY KASS: How would the rest of you answer Adam’s (Meyerson) question? Is there something unique about this sector?

JAMES PIERESON: I was going to make a comment about Irving. His enterprises were far too serious, in a way, to attract hundreds of thousands of supporters and readers. No one has yet written a biography of Irving Kristol to outline how he got to where he got to in the 1970s or why he decided to create The Public Interest. I’m not sure how The Public Interest was actually funded in 1965 when Irving started it. I think Warren Manshel put some money in. But it was obviously not an extravagantly funded operation.

Irving obviously came into this as a journalist and editor. He was not an impresario of that kind. It was in his nature to gravitate to these kinds of enterprises. He built his influence fairly gradually through his work. I was reading, in preparation for this discussion, some of the essays he wrote in the early 1950s, and they are very deep essays on Einstein and others.

So Irving Kristol developed as he did just because of the kind of man that he was—but I don’t know that that reflects very much on this sector. He was a unique character.

AMY KASS: Roger (Hertog), what would you say?

ROGER HERTOG: Adam, you know the answer. The reality is that most people don’t naturally gravitate towards investing in ideas. If it’s a stem cell center at a major university, money will just flow in with abundance. If it’s an endowed chair for some great professor, money will flow in. These small idea-driven efforts—and I think it’s true for both the left and the right—don’t attract large amounts of capital.

And the interesting part is, you don’t need that much capital. It’s an overstatement to make the case that you could actually invest the kinds of money that are invested in, let’s say, political campaigns or in bricks and mortar at universities. You couldn’t actually do it in the think tank business. The aggregate budgets of all of these think tanks on the center-right is like $70 million or $80 million or $90 million a year. This is not an enormous amount of money given how many people they reach.

I think the problem is that most people just don’t think about the big questions that face the West the way people do who really want to dedicate their lives towards ideas, and I think that will continue just the way it is and I think that is just fine. Too much money would actually undermine it. Too much money isn’t good. There aren’t that many great ideas, and there aren’t certainly that many great people.

AMY KASS: Adam asked two questions. One you addressed. The other is, what is unique about the sector?
philanthropic sector? Would you make a distinction, the distinction that Irving insists on in his piece, that there is no such a thing as the third sector, that philanthropy is just part of the private sector?

JAMES PIERESON: Irving was attacking this idea that there are some people who know better. That’s an experience that he’d had from the 1930s going forward, and he saw this as another manifestation of this idea that there are some people who know better sufficient to dictate to everyone else—that was the essence of hubris. Certainly I’m sympathetic to Irving’s idea. But of course, the problem is that philanthropic foundations are generally unaccountable, and that’s the problem. They’re self perpetuating boards and they have investment accounts with large sums of money that they can dispense as they please. No one, really, can hold them accountable when they make mistakes, and when they cause damage they just move on to other programs.

When the debate was held in the early part of this century as to whether foundations should get a charter from the government, these issues were raised—that this was an unaccountable pile of money that would cause damage. And that is a distinctive aspect of philanthropy, I think. They’re unaccountable and there is no real measure of success. In that way they are distinct—I think that’s true. Irving was looking for a way to hold them accountable. I’m not sure he succeeded. But that was the concern he had.

LEON KASS, American Enterprise Institute: This continues, Jim (Piereson), where you finished. In the essay that we’ve read, the speech to the Council on Foundations, Irving primarily argues that philanthropy is not a third sector but rather part of the private sector. But he has a few things to say about its relationship to government. In particular towards the end he insists that this isn’t the government’s money and therefore there are no special kinds of responsibilities that go with it.

Well, unlike other things in the private sector, you have the tax exemption for the donations and the special status under the distinction between “.com” and “.org,” yes. But there is another difference here. The institution of philanthropy does seem to have some kind of special standing to the polity as a whole.

I wonder whether you or anyone else thinks that that special standing conveys some kind of responsibility, and if so, how could one think about what that responsibility is and how it could be—“regulated” is too strong a term—but what could one do about it? Because Congress periodically gets exercised about this and wants to in fact take advantage of the special tax status, to fiddle with amounts and so on.

ROGER HERTOG: I think it’s a really good question. Foundations—all of us—are subsidized by the government. That’s just the truth. I get a deduction of some consequence. If I have a gain I don’t have to pay the capital gains tax. So I get two subsidies. The question that has often been brought up has to do with what the payout rate is. That is the only way I think in terms of public policy that you could do something without having the government overreach.

If you think of life this way: I get this deduction, I give away a dollar. I then can give away a nickel a year. It seems a rather small amount of money given my deduction. When you present-value it and do all of these internal-rate-of-return calculations, it sounds better than it is. If that question were addressed in some other way, meaning the payout rate, not the sunset clause, but whether it would be five or ten percent—let me give it to you in financial terms, the expected return of a sixty/forty portfolio today is about seven or eight percent. So if you give away five and you get a return with some perturbation, some variability around the eight, with a two percent inflation rate, you stay flat forever—the foundation stays in business forever. And it’s a public policy question, whether it is in the long-term interest of the country for these monies to be there one hundred or two hundred or whatever number of years from now. My guess is that the payout rate should be increased.\(^\text{13}\)

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\(^{13}\)The Bradley Center has held a few panel discussions that have focused on the payout rate, for example a June 17, 2003, discussion featuring Representative Roy Blunt (R-MO) entitled “A Cost of Giving Adjustment?” (transcript online at http://www.hudson.org/index.cfm?fuseaction=hudson_up...
LESLIE LENKOWSKY: Well, this is, Leon (Kass), probably topic number one in the discussions that go on in today’s Council on Foundations meetings. Suzanne Garment and I are in the early stages of writing a book on this broader set of issues related to philanthropic accountability where this has come up. In California, New York, Florida, and in Congress, there have been efforts on the part of various legislators and interest groups to call foundations and other donors, for that matter, to account for not providing enough support for the “needy”—defined in various ways according to whoever is making the charge.

If you look carefully, and we’re just early in this, at the law, the tradition, and so on, it turns out that things like tax exemption in the tax code, tax deductibility, and so on, were not premised on aid for certain sorts of things, but philanthropic behavior more generally. Now there are certain things that presumably are not philanthropic, though this would be questionable. In the Elizabethan Statute of Charitable Uses of 1601, the first modern tax exemption law, so to speak, money that you gave to help soldiers was a charitable purpose. Most people would think that that is not a charitable act today, but once I was discussing this with a class of students that included a young man from Bosnia who was in one of Roger Ream’s programs (at the Fund for American Studies); he had grown up in a camp in Bosnia, and he couldn’t quite understand why it wasn’t a charitable act to donate money to pay for rifles so that people who are the victims of ethnic cleansing can defend themselves.

The general feeling in the philanthropic world today is to prefer self regulation to government regulation. There is a lot of discussion of the nature of accountability and how to become more accountable. Given the political tenor of the foundation world, a lot of the conclusions are not ones I might share. But they are certainly discussing it. The same, by the way, is true on payout—and that is whether or not grantmakers should voluntarily be spending more then they currently are. Many did, in fact; during this downturn we’ve seen some increases on the part of big foundations in how much they’ve been spending, which I think is not only the right thing to do philanthropically but also politically.

I don’t think it is an easy question to resolve. The nature of philanthropy in a society like ours is that we want it to be fairly unfettered as long as it’s doing things that we would regard as philanthropic. I’m about to visit China and I’ve been spending a lot of time learning about the much touted and rapidly growing philanthropic world in China. And it’s a very different view. Their view, of course, is that the purpose of nonprofits and philanthropy is to advance the aims of the government with the citizens. Well, those are two quite opposed views.

JAMES PIERESON: I think the Tax Reform Act of 1969 came very close to causing a forty-year sunset requirement on all foundations—it was pulled out at the last second. It almost became law. Many of the remedies that are suggested are maybe worse than the disease—for example, putting public members on boards of trustees, and so on. America is unique in the latitude that it gives to charitable foundations in terms of its tax laws. I think foundations, like other institutions in the 1960s, were cut loose from their moorings in that period, perhaps like the courts, perhaps like universities. And foundations began in that period to very much attach themselves to the government in the sense that many programs were designed as advocacy programs to somehow leverage government money or influence the government that had been somewhat unknown up until that period of time. It was a reflection of the growing importance of government in shaping all of the institutions in society. They had the most money, so if you wanted to do anything, somehow you have to leverage the government. And it was a decisive event in the evolution of modern philanthropy, the discovery that if you could fund advocacy groups, you could shape the government.
So we’ve come a long way from the original conception of philanthropy in America, which was to support education, religion, and science. How do our various think tanks and advocacy organizations fit into the model whereby you’re helping schools, or providing scholarships, or helping hospitals? It’s come a considerable distance. That applies to our friends at the Heritage Foundation as well as others on the other side of the spectrum. A kind of arms race developed as a consequence to the discovery that a foundation could generate influence by trying to leverage the government. And that generated all of this activity on the other side.

So, Leon (Kass), I don’t know that there’s an answer to your question. It’s one of those aspects of modern politics that admits of no obvious solution.

ROBERT HERSHEY, consultant: To what extent can foundations bring in contributions and decision-making over the Internet to get a bit more transparency and be responsive to their donors?

LESLIE LENKOWSKY: Virtually every major foundation now has a Web presence in which they provide a great deal of information through an organization called GuideStar (http://www.guidestar.org/). You can get access to all of the financial reports that foundations provide. So we’re well on the way there. There are a couple of issues though.

First of all, the financial reports which are provided to the IRS lie. (Laughter.) We did a study—this was not about foundations, but about charities that raise money—and you wouldn’t believe how many organizations raise a lot of money without any reported fundraising expenses. Of course, they’re concealing it within other categories of expense such as the salary of the president or other things. And they do it because there are people who will react badly if they see an organization spending too much, in their view, on fundraising.

So they lie, first of all, and secondly, it’s really still only a very small proportion of people who are reacting to Internet appeals, cell phone appeals, and other things as ways of communicating with charities. It may grow much larger as generations change. But by and large most people relate to charitable activities as a result of one or another kind of personal exposure to it. To sort of get on the Web and research charities and find one that sounds fine is not something that they are likely to do.

Foundations are a little bit different. And the problem for foundations is—and I suppose there’s no harm in telling a secret of our grantmaking efforts—at Smith Richardson we always used to have a phony mailing address in all of the directories. It wasn’t phony, actually—it went to an administrative office in Greensboro, North Carolina, where there was an eighty-year-old retired businessman whose job it was to send form letters back to all of the unsolicited requests, saying, sorry, we can’t support you. Every now and then he thought that I might be interested in seeing one, and I’d have to slap him down a little bit. (Laughter.) I didn’t want to see them.

To do the sort of grantmaking that we’re talking about, that I think is certainly very consistent with the approach that Irving used, requires you to spend a lot of your time on a relatively small number of potential grantees. It’s not casting the net as widely as possible. And the problem with Internet approaches is that foundations are just going to be—they already are, if you talk to them—deluged, although the people I know who work at foundations still tend to have pretty good lifestyles.

AMY KASS: Since we have only two more minutes, let me ask one last question, which will bring us back to Irving. Notwithstanding the fact that you, Les, situated the essays that we were supposed to read in their historical context, over and over again when I reread Irving Kristol’s essays, I’m impressed by how prescient he was. So, I have one pointed question: If Irving were rewriting either of these essays today, what change or changes, if any, would you urge him to include?

LESLIE LENKOWSKY: I don’t think there’s much that I would urge him to change at all. I think if any-
thing I’d urge him to add a section taking up some of the pretensions of the so-called social entrepreneurs and venture philanthropists. Howard Husock wrote an article for City Journal in which he referred to social entrepreneurs as “talking left, acting right” or something to that effect. Apart from the political dimension there’s an awful lot about the so-called social entrepreneur/venture philanthropy movement that resembles the old philanthropy that Irving is talking about here, or the 1960s philanthropy, so I would certainly add a section that raised some questions about how entrepreneurial, really, Bill Gates is, or whether “creative capitalism” applied to philanthropy is an oxymoron.

JAMES PIERESON: I think the big question for Irving was, Irving used to say that if you have a problem, start a magazine. Would he say, if you have a problem, start a Web site? Hard to know.

AMY KASS: If you want to do something about education, start a school. Okay, so there’s nothing really that you would add. What he said then is as timely now.

JAMES PIERESON: I think so.

GERTRUDE HIMMELFARB: Irving did have a chance to reflect on his 1980 speech. In 1998, he was engaged in an interview, and I think it was with Philanthropy magazine, on precisely this essay and he found himself in total agreement. (Laughter.) Typically Irving. That suggests that there is a consistency in his thought that you’ve all commented on.

AMY KASS: Let me again thank our panelists for their fine comments, and thank the rest of you for coming. I believe Mrs. Kristol would like to add just one more comment.

GERTRUDE HIMMELFARB: May I just thank you all for these moving tributes to Irving, personally, as well as for these eloquent and also, may I say, very precise, very accurate descriptions of Irving’s contribution to this subject and to so many others. Thank you.

(Applause.)


Capitalism and Corporate Philanthropy

by Kim Dennis

Many people have reflected on Irving’s influence in their lives and on their careers. My own story dates to 1980, when I was a junior staffer at the Olin Foundation with ambitions of becoming a writer. When I sought Irving’s guidance, he suggested I pursue a career in something more useful, like business. Though Irving’s advice put an end to my writing ambitions, I didn’t go the business route, either, and have instead spent my career in a field he may have been even less likely to recommend—philanthropy.

Ironically, it was Irving’s own thoughts on philanthropy that informed the world of charitable giving into which I entered. Along with Olin Foundation president Bill Simon, Irving had founded the Institute for Educational Affairs with the goal of convincing corporate leaders to cease supporting charitable causes antithetical to their interests, and instead focus their charitable dollars on preserving the system of democratic capitalism that is so fundamental to their flourishing. Unfortunately, corporate America declined to take Irving up on his offer to help them spend their charitable dollars more wisely, and the IEA never fully realized its ambitions.

The leaders of the primary conservative foundations of that time did take Irving’s vision to heart, however, and set upon the task of convincing wealthy individuals what Irving wanted to teach corporations—that their philanthropy would be most effective if it reinforced the principles of individual and economic liberty that made their prosperity possible. These foundation leaders created The Philanthropy Roundtable, which was founded on the premise that philanthropy need not atone for capitalism; rather, it should celebrate and advance it.

Though Irving never had any formal role in The Philanthropy Roundtable, he was in many respects the godfather of the organization. Those of us who were involved in its creation had so internalized his vision that it became our own. For this reason, Irving has probably never received the credit he deserved for being the inspiration for what today is a thriving association of more than 550 grantmakers—individuals who are engaged in just the kind of philanthropy Irving hoped corporate America would adopt when he set out to create the IEA more than 30 years ago. Three cheers for such a worthy yet underappreciated accomplishment.
Irving Kristol and Philanthropy

by Chester E. Finn, Jr.

The Kristol insight about philanthropy (and non-profit work generally) that has stuck tightest to me is his debunking of the concept of “tax expenditures” for implying that the money circulating in the philanthropic world and the “independent sector” more generally is money that in some sense “belongs” to government and that government therefore has the right to channel, regulate, and otherwise manipulate. Irving offered the first and most cogent critique of this misbegotten notion that I encountered, and it’s never left me.

Indeed, it’s been reinforced in recent years as federal and state governments have tightened the regulatory vise within which philanthropy operates, as legislatures have weighed further tightening, and as advocacy groups and academics—some of them with tenure at high-status institutions that are themselves recipients of enormous philanthropic largesse—have urged still more, and more intricate, tightening.

Irving’s lesson has been further underscored by recent efforts by the White House—both the Bush and Obama teams are culpable here—to persuade private foundations and charities to “align” their efforts with administration priorities and to use their resources to augment government dollars in pursuit of government-set goals.

Such incursions by government into philanthropy and its mission are devastating to the independence that makes American-style philanthropy valuable in the first place. As I wrote a few months ago in Fordham’s Education Gadfly,

The great advantage of and principal rationale for a healthy philanthropic sector in a country like the U.S. is its independence from government, its unique capacity to do what government can’t or won’t. That’s a far different thing from serving as guide-dog, tugboat, or aide-de-camp to government itself. And that’s the distinction we risk losing as foundations rush to help do government’s work.

What private dollars can do uniquely and best is stand apart from government: Fund activities that are politically or constitutionally beyond government’s reach; underwrite critics, evaluators, and analysts of public policies and programs; pay for inquiry, research, and advocacy that would be inappropriate for the public sector to undertake; and generally distinguish its work from that of government in a truly “independent sector.”

This healthy tension only works, however, when the private sector remains truly autonomous, even aloof. When it can thumb its nose at government, politicians, and public officials and say “we’re doing this, like it or not, because we believe it’s good for American education and we don’t have to pay attention to the many constraints that you in government must labor under.”

That’s really tough for philanthropists to do while also sharing a bed with government.

Some of this I’ve learned from experience and observation. But it all began with Irving’s rebuke of the “tax expenditure” people who took for granted that philanthropy existed at the sufferance of government, which would otherwise control all the money. Irving knew that government would indeed do this if it could but that this would be devastating in a hundred ways. What he knew, first and foremost, was that how this issue got framed and phrased would determine the assumptions and language that would shape policy and politics. Boy, was he ever right—yet again—about that.
Following up on my remarks after the tributes to Irving Kristol, I would like to offer a few related observations about Irving and his work. As I noted during the question-and-answer session, it seems to me that some of Irving’s most important contributions can be found not just in his philanthropic work but also in his impact on conservative political thought, especially on what has come to be known as neo-conservatism.

Irving famously remarked that a neo-conservative was a “liberal who was mugged by reality.” This liberal turned in the direction of the main alternative, conservatism, but did anything of the original liberal orientation remain? Yes, I would say—and that something is best captured by the term “public spiritedness.” This element of public spiritedness distinguishes his thought from past and other currently existing forms of conservatism. Even though he believed government should be limited, Irving also affirmed the dignity and even nobility of public life and even public office in the sphere appropriate to it.

Among other things, Irving’s public spiritedness explained the very fruitful influence Irving had on young people, especially those who were drawn by their natural temperaments to active and ambitious engagement in public life. Prior to Irving’s reformulation of conservatism, such people had difficulty seeing a role for themselves in conservative endeavor.

This orientation had a natural corollary in the work of the foundations Irving guided. The fact that there were limits to the public tasks that government could or should perform did not mean that those public tasks did not exist. Indeed, the argument for limited government included the view that certain public tasks could and should be undertaken by the private sector suitably inspired by public spirit. This sector included private foundations, and Irving tried to convey that spirit to foundations—sometimes, I think, against their tendency to believe otherwise.

In very great measure he succeeded in establishing this perspective. Other authorities had expressed similar ideas, most notably Alexis de Tocqueville and Edmund Burke. Today, though, this strain is powerful and even commonplace within the conservative endeavor and in American public life generally, and it was Irving whose practical applications gave it real vitality.
Our Godfather

by Adam Meyerson

Irving Kristol was sometimes called “the godfather” of neo-conservatism. As Les Lenkowsky and Kim Dennis describe in these tributes, he could also be called the godfather of The Philanthropy Roundtable. Together with William E. Simon, Sr., Irving founded the Institute for Educational Affairs, under whose auspices The Philanthropy Roundtable began. He has had a powerful intellectual influence on the Roundtable throughout our history.

In 1980 Irving delivered a remarkable talk at the Council on Foundations, entitled “Foundations and the Sin of Pride: The Myth of the Third Sector.” It is reprinted in Amy Kass’s marvelous collection, Giving Well, Doing Good: Readings for Thoughtful Philanthropists (and can also be found in this publication on pp. 26-31). Irving challenged the ideas that philanthropy constitutes a separate “third sector,” that foundations are on the “cutting edge” of social change, and that foundation money is public money. He even challenged the “passion for doing good” that is so central to philanthropy. This “is a noble passion,” he said, “but it is a passion. And… all passions are dangerous unless they are controlled.”

Irving’s words on philanthropy are as important today as they were in 1980: “Foundations are part and parcel of the private sector. They are flesh of the flesh, bone of the bone, blood of the blood of the private sector. The notion that foundations in some way constitute a sector of their own, different from, above, and superior to the other two sectors [private and public] is an act of pride which will only go before a fall.”

Irving taught that philanthropy, like public policy, must be grounded in a realistic understanding of human nature; and that excellence in philanthropy is measured by results, not good intentions. But his wise caution against hubris and moral arrogance in philanthropy did not imply modesty of purpose. On the contrary, he argued that philanthropy can make a crucial contribution to democratic capitalism by investing in the ideas and institutions—including religion, strong families, and bourgeois values such as thrift and hard work— that sustain and strengthen a free society.

Irving was sharply critical of the “New Class” progressivism that dominates so many foundations, but he also encouraged active engagement with philanthropists from across the political spectrum. “The enemy of liberal capitalism,” Irving wrote, “is not so much socialism as nihilism.” The world of philanthropy, whatever its many flaws, is a bulwark against nihilism. And we at The Philanthropy Roundtable believe we are acting in the spirit of Irving Kristol when we welcome foundations of diverse viewpoints to debate the most effective ideas for improving the lives of our communities, nation, and globe.

Philanthropy is under siege today. Threats are growing to the freedom of donors and foundations to determine how and where to give away their money. In this great battle, it is important for defenders of philanthropic freedom to remember Irving’s counsel that the most important question in politics is “Who Owns the Future?” We have to show that philanthropy has been central to the American experience, that voluntary giving has been the lifeblood of our communities, and that, if the politicians will allow it, the greatest days of American philanthropy are yet to come.
Foundations and the Sin of Pride:
The Myth of the “Third Sector”

by Irving Kristol

A speech before the Annual Conference of the Council on Foundations,
May 30, 1980

Today, I want to talk about the foundation world and the sin of pride—what the Greeks called hubris, what the church fathers called superbia, namely the desire to do more good than anyone can do, a desire to do good which ends up being a form of the will to power. I think the foundation world today is suffering from the sin of pride.

Let me give you a very clear and specific instance. It is now generally said and widely thought that the foundation world (the non-profit world, as we say), constitutes a “third sector” in American society. There is, it is said, the private sector, consisting of business enterprise; the public sector, consisting of government; and then we have the third, not-for-profit sector, of which the foundations are the animating core. I would like to suggest to you that there is no third sector. Foundations are part and parcel of the private sector. They are flesh of the flesh, bone of the bone, blood of the blood of the private sector. The notion that foundations in some way constitute a sector of their own, different from, above, and superior to the other two sectors is an act of pride which will only go before a fall. That fall may consist in the fact that foundations will end up depriving themselves of their sustenance, which comes from the various parts of the private sector. Foundations are creations of the private sector.

In fact, there are only two sectors in our society: the private sector and the governmental sector. The voluntary associations in our nation do not make up a third sector; they are part of the private sector. Churches are part of the private sector. Fraternal organizations are part of the private sector. Even political parties are part of the private sector. There is no high ground which foundations can occupy and from which they can look down upon the other sectors and then try to think up policies, methods of improving the world, which are somehow disinterested in a way that those of the other two sectors are not.

The sin of pride to which I refer shows itself in many other ways. For instance, we hear it said that foundations should be setting the national agenda. But it is politics that sets the national agenda. If foundations want to get into politics, that is their privilege, but they ought to know that what they are then doing is getting into politics. They are not acting in some disinterested way; they are not representing something called “the public interest.” In politics everyone represents the public interest, or rather everyone represents some conception of the public interest, for politics consists of conflicts among different conceptions of the public interest. There is no one conception of the public interest which is right as against all others. I want to emphasize that if foundations are inclined to get involved in politics this way, I think that’s perfectly proper—but they ought to know what they are doing. They ought not to think that somehow they are above the political battle. They ought not to think they will not end up bearing the scars of the political battle. They ought not to think that they will be immune to political attack. Shaping the national agenda is part of the political activity of a democracy.

We also hear it said that foundations should stimulate
social change, or, to use one of the favorite cliches, be on “the cutting edge” of social change. That, too, is politics. And foundations have no more perception of what is right or wrong in social change, of what is effective or what is desirable, than anyone else who is involved in politics. Foundation people are almost certainly better educated—or at least better schooled—than most people who are involved in politics. But that does not mean that they have a superior understanding of what society needs, in what directions society ought to go, or in what direction society can go.

**Acts of Arrogance**

There is an implicit arrogance in the notion, in the very rhetoric, that a foundation should be on “the cutting edge” of social change. First of all, it assumes you know what the cutting edge is, and you know that it cuts this way, not that way. Secondly, to be on the cutting edge of social change you have to have a complete, comprehensive, theoretical understanding of the social order—of how change is brought about and how you bring about the changes you wish against the changes you don’t wish. There is no such comprehensive theory—never has been, never will be. We do not understand ourselves that well, and we do not understand our neighbors that well. The reason we have politics at all is because the world is full of other people. Other people are never quite like us. That’s the way it’s always been, and that’s the way it’s always going to be. The notion, therefore, that any foundation or any group of scholars or any group of thinkers can have a “disinterested” conception of where society should go, one that is not open to political conflict and political argument, is an act of intellectual arrogance which can only end up creating damage to foundations. For not only can’t we control social change in a disinterested way, in the end we can’t control it at all. We really cannot control social change. We can try. It’s very important to try. But the notion that you can come up with a master plan for social change and institute that plan and get the results that you really intended is to overlook the fact that the basic law of politics is that unanticipated consequences are always more important than the anticipated consequences of your actions.

There have been a number of such instances of intellectual arrogance over the past 25 or 30 years, some of which I have been involved in, some of which I have just witnessed. I’ll mention two of them, both, as it happens, involving the Ford Foundation. Back in the 1950’s, the Ford Foundation decided that the behavioral sciences were the key to the future, that the behavioral sciences, like sociology and political science, would really give us a way of controlling human destiny. They would bring about the “politics of the future,” and create a better society at the least cost. And so the Ford Foundation devoted tens of millions of dollars to advancing the behavioral sciences in the universities, with great success. Unfortunately, 15 years later it turned out that the behavioral sciences were in a condition, and to this day are in a condition, of intellectual crisis; the younger scholars, whether conservative or radical, are all in rebellion against the behavioral sciences, which they find very boring, very tedious, and on the whole ineffectual. But the damage that has been done to our universities by the Ford Foundation’s presumption in thinking that it knew what should be taught in the universities, that it knew exactly what it should impose on universities within the social sciences, has been enormous. Because professors don’t die young. Tens of thousands of professors, with tenure, are now sitting in universities, trained in the behavioral sciences, teaching students who find them all (or most of them) thoroughly unsatisfying.

The other, more famous instance, of course, was the school decentralization fight in New York City. Being a New Yorker, that was something that came very close to the bone. There the act of arrogance was evident, because if there’s one law of New York City politics it is: “Thou shalt not polarize racial and ethnic groups.” That has been the overriding political law of New York City for 150 years now, but the Ford Foundation blithely went ahead and polarized the city, inflicting enormous damage on the public school system, and on the political system of the city. My impression is that having caused that damage, it has now lost interest in the subject and has gone on...
to something else.

Grand Designs, Sad Results

Now, I don’t want to be misunderstood. It is possible
to do good. It really is possible to do good. Doing
good isn’t even hard. It’s just doing a lot of good
that is very hard. If your aims are modest, you can
accomplish an awful lot. When your aims become
elevated beyond a reasonable level, you not only don’t
accomplish much, but you can cause a great deal of
damage. And, in fact, I think that foundations in this
country have passed up enormous opportunities to
do good, simply because they have found them not
sufficiently ambitious.

In my own experience, I spent several years on
the Council of the National Endowment for the
Humanities (NEH), and it was an organization that
I was very much in favor of. In fact, I even helped
persuade some of my conservative friends in Congress
to vote its appropriation against their inclination. I
have avoided speaking to them since. I don’t know
what I would now say to them. Basically, NEH did
a good job; in all fairness, I think it still does half a
good job. At the beginning, what NEH did was quite
simple and obvious. We supported archaeological
expeditions in Turkey. Someone has to support them;
they’re worth doing. They might discover something
interesting; it seems right that NEH should do it.
We supported critical editions of major texts. Again,
very expensive. Again, someone has to do it, and
it seems right that the National Endowment for the
Humanities should do it. We went on doing all these
very colorless and rather boring, but good things.

But in the end it didn’t satisfy a great many people,
including people in Congress, including some of the
present leaders of foundations. The result is that,
when you proposed something along those lines,
the reaction became, “Oh goodness, come on, we
don’t want another edition of classical texts. Let’s
do something more interesting, let’s do something
that has an effect on the world.” As a consequence,
the emphasis at NEH, over these past years, has
shifted. A lot of the money is now simply wasted,
in my view, on all sorts of dubious “community
and cultural activities.” I do think that the National
Endowment for the Humanities should support
excellent museums. I don’t think it ought to support
third-rate museums. But, of course, it’s now in the
business of supporting third-rate ballet troupes, third-
rate, fourth-rate museums, spreading the money
around state-by-state, county-by-county; it has been
quite politicized. It still does some good—I’d say
half of what it does is still perfectly good. But it just
could not be satisfied to do the good things which
were not intellectually exciting. They were quite
routine but worth doing and now unfortunately very
few foundations are doing them.

I take a more dramatic instance. Everyone is concerned
about youth unemployment in the ghetto, as I am,
and I have been involved with various foundations
and government as well, over the years, in trying
to do something about it. It’s astonishing how little
has been accomplished. The reason so little has been
accomplished is that no one was satisfied with doing
a little; everyone wanted to do a lot. For instance, it
is a scandal in this country that vocational education
is in the condition it’s in. It is absolutely absurd. Can
you imagine a United States of America where there
is a shortage of automobile mechanics, and yet there
are “unemployable” kids in the ghetto who can strip
an automobile in four minutes flat? It just doesn’t
make sense. But when you try to get a program of
vocational education going—and I’ve tried very hard
with various foundations to get a simple program
of vocational education going—they say, “No! No!
We don’t want to train these kids to be automobile
mechanics. We want to train them to be doctors, to
be surgeons.”

Let’s be reasonable. Not everyone can be a doctor
or a surgeon. Some people are going to end up as
automobile mechanics. Automobile mechanics have
a pretty good career. They make a great deal of
money, most of it honestly. But the fact is that it has
been impossible to get the resources for so limited a
goal.

Foundations talk a great deal about education, and
propose grand theories about education. Whenever a foundation comes to me with grand theories about education, I say: “Fine, start a school.” Why not? If you have grand and novel theories about education, start a school. But it turns out that those people don’t want to start a school. They want to reform the whole public education system, or whatever. But it’s very hard to reform the public education system, which is populated by people with interests, ideas, and habits of their own. It’s not in their interest to be reformed. So they will take your program and twist it in all sorts of ways. Whereas, a foundation can always start a school. Thus it seems reasonable to insist: if you have any good ideas about education, whether it be in the ghetto or elsewhere, start a school. But I have never heard of any foundation that started a school, one that would put its theories into effect. A hundred years ago that was assumed to be a very promising way to reform education. These days it is regarded as insufficiently ambitious, too modest in its intent.

Again, turning to the youth of the ghetto, if you say to a foundation: “Look, there are many bright kids in the ghetto who need help, who need scholarships, who need fellowships. Why don’t you help them?” the answer to that is: “We want to help those who are really down at the bottom. That’s the problem.” Indeed that is the problem. Only, helping those at the bottom is not easy, whereas helping those who are at the top, or are moving up, is feasible. It works. If you suggest such a program you are accused of something called “creaming,” namely, taking the most able, the most intelligent, the most ambitious, and moving them up while neglecting the rest. But that is the normal way in which all groups move into the mainstream of American life. This is true for all groups, all immigrant groups, all ethnic groups, all racial groups. You begin by moving up those who can be moved up. Their brothers, sisters, cousins, friends, see them moving up and begin to foresee that it’s possible. They begin to shape their lives and their habits to follow them. The notion that you go directly to the hard-core unemployable, the high-school dropouts, who are “hard-core” for a reason, is utopian. They’re not easy to cope with. The notion that you can cope with these people directly, and transform them overnight into willing and eager students, is childish. I’m not saying you can’t do it in the case of certain individuals. And if a foundation wanted to focus enormous resources on a few such individuals, it would probably work. But it would be enormously expensive, and in the end you would just be helping a few individuals. The more sensible approach is to do what you can do—help those who wish to be helped, who can be helped, who are already motivated, and hope that others will follow in their path. It is, on the basis of experience, a realistic hope.

I’ll never forget my first job, working for a fine mechanic, who was an illiterate and who owned his own factory. After I’d been there a few days, he took me aside and said, “Irving, I want you to remember two things: First, a thing worth doing is worth doing cheaply. And second, if something is too hard to do, find something easier to do.” On the whole, I think that’s good advice. When things get terribly hard and terribly expensive, it’s a sign that—for reasons which you may never understand—it’s not going to be doable. Peter Drucker—many years later I read Peter Drucker on management—ends up saying the same thing as my little machine shop owner did, namely, you pour your resources into things that work. You don’t spend all your time and energy and money on things that don’t work. Do what is doable, and when you do what is doable, it will affect everything else, and you then get the kind of progress in education, or in the economy, or what have you, which brings everyone into the system and from which everyone benefits.

There is a passion for doing good. It is a noble passion, but it is a passion. And all passions have to be controlled. All passions are dangerous unless they are controlled. We have had long experience in the history of Western civilization with people who spend their lives doing good. Nuns, members of religious orders, working in hospitals, in schools. All of them were under a discipline where they were on regular occasions humiliated by their institutions. That is, if you wanted to do good in the old days, say in a hospital, at some point, you emptied bedpans. Now, I’m not saying that all the professionals at the Robert...
Wood Johnson Foundation should spend one day a month emptying bedpans. On the other hand, it is useful to have an occasion for humility. It is very easy to sit down and devise a new health delivery service, but cleaning bedpans gives you an insight into some of the problems inherent in health delivery service. The passion for doing good, when it was restricted to religious orders, had a self-correcting mechanism in it. We have no such system of self-discipline and self-humiliation, so that the tendency toward pride and arrogance in doing good, the tendency toward an excess of passion and self-righteousness in doing good, is unchecked.

**Pluralism and Private Initiative**

I want to make one final point, which is really my original point. Foundations came into existence originally to do all the things that needed to be done that the government did not do in the 19th and early 20th centuries. That was the right thing for foundations to do at that time. However, the situation has changed today. We have had a reversal. There is almost nothing you can suggest which government is not eager to do. And it seems to me that foundations, therefore, have a special responsibility to be wary of government and to be a lot more solicitous of their own sector, which, I repeat, is the private sector. You’re not above the private sector, by God, you’re in it. I really am a little sorry, with all due respect to Landrum Bolling and the city of Washington, that the Council on Foundations has decided to set up headquarters in Washington. I think that’s the wrong signal to the foundation world. Foundations should not be an adjunct to government. Foundations should be an adjunct to their own, private sector. There is a tendency these days for everything to become an adjunct to government, just as there is a tendency, when foundations have a good idea, for government to take it and run away with it. My favorite example of the latter is the Meals on Wheels program. This was a marvelous program, a community program, where people got together and delivered meals to elderly people who were either house-bound or confined to their beds. And Congress heard about this and said, “That’s a great idea; we’ll do it.” So it passed the Meals on Wheels legislation, but with all sorts of new regulations, so that the community organizations that had been delivering meals for years were all disqualified because they didn’t have enough professional nutritionists, they didn’t have the right number of this or enough of that, they didn’t have the right inspection of their facilities, etc. So you end up with another government agency doing, in its bureaucratic and, I am convinced, in the end not very humane way, what neighbors were doing in a very pleasant and humane way.

There is clearly a tendency of government, in the name of the welfare state, to expand the conception of the welfare state so far as to be bureaucratically paternalistic. I think foundations should combat this tendency, not encourage it.

In sum, foundations should rethink their situations and their conditions. We live in a pluralistic society. Some foundations are going to be liberal, some are going to be radical, some are going to be conservative, and that’s fine. That’s the way it should be, as long as they realize that they are being either liberal, conservative, or radical, not somehow representing something called “the common good,” which they alone are in a position to define. But I do want to I emphasize, in closing, that all of those activities, whether radical, liberal, or conservative, emerge from the private sector, and are a distinctive aspect of our pluralist society. To the degree that our society becomes more centralized, to the degree that government becomes more intrusive in all the affairs of our lives, to that degree, foundations are going to end up in fact being adjuncts of government or being assimilated into government.

Even now it is said—and I have heard foundation executives say it, and I think most people here would probably say it—that the money you people spend is public money, and therefore you have a public responsibility. Now, in what sense is the money you spend public? Under the tax laws, the contributions made to foundations are deductible from income. If you say that that money is public money, you are saying: “Well, the government has the right to all our
money, but it doesn’t exercise this right at all times or in all respects. It leaves some of that governmental money for us to spend, and therefore we have a public responsibility attached to that money.” I think that is socializing money in rhetoric prior to socializing it in fact. The money you people spend is private money. It is not public money. Money that the government does not take is ours. You can have whatever public responsibilities you wish to assume with that private money. But it is private money. It is the life blood of your organizations, and I think it is time foundations gave a little more thought to the source of that life blood and to what might be done to making that life blood a little more abundant and, shall we say, healthier in composition.

On Corporate Philanthropy

by Irving Kristol

When Henry Ford II recently resigned from the board of the Ford Foundation, he was moved to remind it that it was “a creature of capitalism.” And he went on to suggest delicately to the trustees and staff that “the system that made the foundation possible very probably is worth preserving.”

Those words captured the attention of the media, which perceived an obvious irony in a Ford defending capitalism against the foundation which Ford money established. Those same words also created reverberations within the academic and business communities, exciting latent but powerful anxieties about the relations between the two realms.

Since there is going to be (there already has been) a great deal of hypocritical nonsense uttered about this matter, it may be useful to do some sorting out. The facts themselves are not really in dispute, but the proper inferences to be drawn from these facts most certainly are.

To begin with, it is a fact that the majority of the large foundations in this country, like most of our major universities, exude a climate of opinion wherein an antibusiness bent becomes a perfectly natural inclination. One does not wish to exaggerate or be dogmatic about this situation. Those foundations and universities are not homogeneous or totalitarian institutions; not all divisions and departments have identical attitudes; nor are these attitudes themselves consistently sovereign.

Thus—and this is a suitable place to declare an interest—the Ford Foundation has been helpful to my own journal, The Public Interest, and has made some modest grants to the American Enterprise Institute, with which I am associated. Nevertheless, it is fair and accurate to say that most of the time the Ford Foundation seems more interested in supporting people and activities that display a habitual animus to the business community. Henry Ford II was not suffering from delusions of persecution.

Populated by the “New Class”

Nor is there really any puzzle or paradox in this state of affairs. Foundations and universities are for the most part—not exclusively, I would emphasize, but for the most part—populated by those members of the “New Class” who sincerely believe that the larger portion of human virtue is to be found in the public sector, and the larger portion of human vice in the private.

If one reads a publication like the Foundation News, one gets a pretty unambiguous impression as to the attitudes that prevail. Thus, last year the board of the Council of Foundations passed a resolution urging all foundations “to recognize the urgent obligation to help bring about constructive social change.” One would have to have spent these past decades on another planet to believe that “constructive social change” might involve limiting governmental powers rather than expanding them. In our universities, in our foundations, and in our media too, “constructive social change” is always something that government does for and to people, never something that people do for and to themselves—and most definitely nothing that American business does for or to anyone.

Since foundations and universities are the idea-germinating and idea-legitimizing institutions of our society, this bias—and that word may here be used descriptively rather than polemically—is a serious problem for those of us who are concerned for the preservation of a liberal society under limited
government. After all, these are the ideas that our children encounter in their textbooks, in their teachers, and on their television screens. It would seem both right and proper to worry about them.

Yet any such expressions of concern are quickly countered by accusations that, should such concern become widespread, “academic freedom” would be endangered. This is a red herring. True, it would be dangerous if angry citizens thought they had the right to prescribe foundation policies, or the content of a university curriculum, or the composition of the faculty. There is even danger in businessmen trying to endow chairs of “free enterprise” on a university campus.

In such cases the liberal ideal of a university, where freedom of thought is respected and where no system of thought—no ideology, to put it bluntly—is given a privileged or official status, is violated. Economists in a university, after all, are supposed to teach economics, not free enterprise or socialism. The fact that many professors of economics violate their obligation to teach economics, and teach ideology instead, is indeed a problem—but not one that can be solved by aggravating the condition to a degree where everyone legitimately teaches his own ideology.

On the other hand, it does not follow that businessmen or corporations have any obligation to give money to institutions whose views or attitudes they disapprove of. It is absurd to insist otherwise—yet this absurdity is consistently set forth by college presidents, and in the name of “academic freedom,” no less. When David Packard and William Simon made the perfectly reasonable suggestion that corporations look before they give, and discriminate among friend, neutral and foe in their philanthropy, they were denounced in the most vehement terms by universities which seemed to think they had some kind of right to that money.

They have no such right. If they want money from any particular segment of the population, it is their job to earn the good opinion of that segment. If they are indifferent to that good opinion, they will just have to learn to be indifferent to the money too.

That’s the way it is, and that’s the way it’s supposed to be, in a free society where philanthropy is just as free as speech.

Many businessmen—most, I imagine—will find this line of thought congenial enough, but will still end up uneasy and confused. Where do we go from here, they will ask? For the sad truth is that the business community has never thought seriously about its philanthropy, and doesn’t know how.

Some corporate executives seem to think that their corporate philanthropy is a form of benevolent charity. It is not. An act of charity refines and elevates the soul of the giver—but corporations have no souls to be saved or damned. Charity involves dispensing your own money, not your stockholders’. When you give away your own money, you can be as foolish, as arbitrary, as whimsical as you like. But when you give away your stockholders’ money, your philanthropy must serve the longer-term interests of the corporation. Corporate philanthropy should not be, cannot be, disinterested.

One such corporate interest, traditionally recognized, is usually defined as “public relations,” but can more properly be described as meeting one’s communal responsibilities. This involves donations to local hospitals, welfare funds, and other benevolent organizations active in the community where the corporation resides. In a sense, this philanthropy is mandated by community opinion, and there are few interesting or controversial decisions about it for the executives to make.

In addition to such mandated philanthropic expenditures, however, there are the controllable expenditures. These latter reflect a movement beyond communal responsibility to “social responsibility.” Different corporations may well have different conceptions of such “social responsibility,” and there is nothing wrong with that. But most corporations would presumably agree that any such conception ought to include as one of its goals the survival of the corporation itself as a relatively autonomous institution in the private sector. And this, inevitably,
involves efforts to shape or reshape the climate of public opinion—a climate that is created by our scholars, our teachers, our intellectuals, our publicists: in short, by the New Class.

How are corporations to proceed in this direction? Well, one preliminary step, already mentioned, would be to decide not to give money to support those activities of the New Class which are inimical to corporate survival.

A Positive Step

A more positive step, of course, would be for corporations to give support to those elements of the New Class—and they exist, if not in large numbers—which do believe in the preservation of a strong private sector. For the New Class, fortunately, is not an utterly homogeneous entity. It contains men and women who are not necessarily “pro-business,” and who may not be much interested in business at all, but who are interested in individual liberty and limited government, who are worried about the collectivist tendencies in the society. The large foundations regard their views as being somewhat short of “respectable” and they tend to be ignored by the business community, which is often unaware of their existence.

“How can we identify such people, and discriminate intelligently among them?” corporate executives always inquire plaintively. Well, if you decide to go exploring for oil, you find a competent geologist. Similarly, if you wish to make productive investments in the intellectual and educational worlds, you find competent intellectuals and scholars—“dissident” members as it were, of the New Class—to offer guidance. Yet few corporations seek any such advice on their philanthropy. How many large corporations make use of academic advisory committees for this purpose? Almost none, so far as I can determine.

This is a melancholy situation, for in any naked contest with the New Class, business is a certain loser. Businessmen who cannot even persuade their own children that business is a morally legitimate activity are not going to succeed, on their own, in persuading the world of it. You can only beat an idea with another idea, and the war of ideas and ideologies will be won or lost within the New Class, not against it. Business certainly has a stake in this war—but for the most part seems blithely unaware of it.

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The wonder of Irving was that he combined [a] lack of sentimentality—he delighted in quietly puncturing all emotional affectations and indulgences—with a genuine generosity of spirit. He was a deeply good man who disdained shows of goodness, deflecting expressions of gratitude or admiration with a disarming charm and an irresistible smile. That’s because he possessed what might be called a moral humility. For Irving, doing good—witness the posthumous flood of grateful e-mails, letters and other testimonies from often young and uncelebrated beneficiaries of that goodness—was as natural and unremarkable as breathing.

The Bradley Center for Philanthropy and Civic Renewal at Hudson Institute aims to explore the usually unexamined intellectual assumptions underlying the grantmaking practices of America’s foundations and provide practical advice and guidance to grantmakers who seek to support smaller, grassroots institutions in the name of civic renewal. The Bradley Center is directed by William A. Schambra, who has written extensively on the theory and practice of civic revitalization.

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