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## Never Enough Beauty or Truth

*Will "diversity" fanatics destroy American philanthropy?*

By [HEATHER MAC DONALD](#)

American philanthropy is the envy of the world. Since colonial times, when Benjamin Franklin's Junto Society, a proto-think-tank of public-minded Philadelphia citizens, developed volunteer fire departments and a lending library, Americans have evolved a unique civic culture of giving and entrepreneurial problem solving. From 1995 to 2002, charitable donations as a percentage of GDP were nearly six times as high in the United States as in France and 14 times as high as in Germany. In 2007, America's charitable giving amounted to \$306 billion. No wonder that European universities and arts organizations look first to their American alumni and patrons for support when their government funding dries up.



Yet American generosity is under fire. A growing number of activists and politicians argue that foundations should meet diversity targets in their giving and on their staffs. If foundations fail to diversify "voluntarily," threaten the race, ethnicity and gender enforcers, they risk legislation requiring them to do so. In other words, the diversity police, having helped bring on the subprime meltdown through mortgage-lending quotas, now want to fix philanthropy. And instead of rebuffing this power grab, the leaders in the field have rolled over and played dead.

The idea that foundations should view the world through the trivializing lens of identity politics dates back to the 1980s, when some liberal foundations, including the Ford Foundation, started asking groups seeking grants to report the race and sex of their staff and board members. But today, politicians are getting into the act. This latest diversity push began in 2005, when the Greenlining Institute, a "multiethnic advocacy group" in Berkeley, Calif., started pumping out studies claiming that foundations were ignoring "communities of color." (This despite the fact that in California, 39% of large foundations' grants primarily benefit minorities, according to the Foundation Center, a respected research body.) Greenlining's definition of *helping* a community of color: bestowing foundation grants on a nonprofit whose staff and board are at least 50% minority. In other words, the Greenlining effort is purely a jobs racket. The racial composition of a nonprofit's staff and board has exactly zero relation to whether it is actually helping minorities. Agronomists supported by the Rockefeller and Ford Foundations helped wipe out famine in Southeast Asia by developing high-yield cereal crops; pressure to diversify their labs would have hindered their research, not advanced it.

Greenlining went on to claim that big foundations were devoting only about 5% of their assets to the "minority-led" nonprofits—the implication being that 5% was shockingly low. But no one knows how many nonprofits meet Greenlining's test of being minority-led. A 5% donation rate may actually overrepresent the number of nonprofits with 50% minority boards and staffs.

Nevertheless, Greenlining's crusade leaped into the political arena. The California Assembly passed a bill in January

2008 that would have required all California foundations with assets of over \$250 million to report not just the race and sex of their grantees' board and staff members, but the race and sex of their own board and staff members as well. Note again the patent shakedown effort. The racial and sexual composition of a foundation is also irrelevant to whether it is helping minorities—except, of course, for those quota hires who end up in cushy foundation jobs. In the late 1920s, Julius Rosenwald, an early president of Sears, Roebuck, used his foundation to build 5,000 schools for rural blacks in the South, somehow managing to do so without a 50% minority board.

Connoisseurs of identity politics are probably wondering: But what about the lesbian, gay, bisexual, and transgender (LGBT) community? Though gays occupy some of the highest-income brackets in the country, the diversity enforcers have not forgotten them. The original California Assembly bill would have required foundations to itemize their staffs' and boards' sexual preferences; the final bill, however, required only that foundations out the staffs and boards of their grantees. Apparently, sexual privacy is fine for me but not for thee. Sexual orientation within foundations has since roared back as an imperative of the national diversity campaign, however.

The legislation was steaming its way through the California Senate when California's 10 largest foundations promised to pump hundreds of millions of dollars into minority-led nonprofits in exchange for the bill's withdrawal. But the fuse had been lit. Similar diversity efforts have been spotted in various stages of development in Florida, Illinois, Michigan, New Jersey, New York, Pennsylvania and Texas. And at the federal level, Xavier Becerra, a congressman from Los Angeles who serves on the powerful House Ways and Means committee, has warned foundations: "If you don't police your own, you're going to be policed."

A foundation that remains colorblind in giving and hiring is suspect, even criminal, in other words. The congressman has threatened government intervention if foundations don't spend more on minorities and the poor; if he pushes on Capitol Hill for diversity mandates, he will likely count as allies his House Ways and Means colleagues Charles Rangel, John Conyers and John Lewis.

Mr. Becerra argues that foundations' assets, because they are tax-exempt, are virtually public money. Foundations are simply private managers of those public funds, in this view, and should be responsive to political pressure. Until now, Congress has required only that tax-deductible dollars go to educational, charitable, scientific, or religious purposes. Mr. Becerra, the Greenlining Institute, and other diversity advocates seek to constrict donors' discretion in their charitable giving to supporting minority-run (or female- or LGBT-run) organizations or those that purport to serve the poor. But rather than rewriting the tax code to limit the tax deduction to these purposes, they have chosen a politically easier strategy: strong-arming foundations through the diversity-reporting requirements. These public-disclosure mandates put extralegal pressure on foundations to obey the advocates' definition of charity. Given how politically correct the philanthropic sector already is, foundations that do not have enough blacks on their boards or in their list of grants will rightly fear stigma. If stigma doesn't work, Mr. Becerra has signaled his willingness to take on the tax code itself.

The current economic downturn makes the prospect of shaking down foundations even more alluring. Federal and state governments, increasingly deprived of tax revenue, will likely cut back on their payments to nonprofits. Meanwhile, foundations made \$43 billion in grants in 2007. As the Greenlining Institute put it: "Just beyond the desert [of government funding] there is a rainforest flowing with philanthropic dollars."

What has been the foundation sector's response to this assault on philanthropic freedom? Total collapse. Its spokesmen have embraced the two false premises of the diversity movement: that the skin color and sexual profile of foundation and nonprofit personnel are meaningful performance indicators, and that philanthropic enterprises can be pigeonholed as benefiting this or that particular "diverse" group. Take Steve Gunderson, head of the Council on Foundations, the leading philanthropic lobbying organization. Mr. Gunderson's only disagreement with the diversity agenda is that, in his view, it should be driven from within the sector "voluntarily," rather than legislated from without.

Apart from that quibble, however, Mr. Gunderson is so committed to color-coding foundation personnel that he actually worries about the intergenerational wealth transfer expected as baby boomers retire in the coming decades. That wealth transfer, estimated in the trillions of dollars before the stock-market collapse, has the potential to create thousands of new foundations during or after the donors' lifetimes. So what's not to like? Well, it turns out that most of this new philanthropic capital will come from heartland America, meaning that the donors will be overwhelmingly white. Frets Mr. Gunderson: "We can make great strides in diversity, but if rural America transfers wealth into

philanthropy, our data will be worse than today."

It's hard to get your mind around this. The foundation sector's leader actually sees a downside to potentially explosive foundation growth simply because the donors are the wrong color. Let's say that an entrepreneurial Nebraska family with a passion for astronomy wants to start a family foundation to support an observatory and to provide astronomy scholarships. This just won't do, in Mr. Gunderson's opinion. Never mind that race is irrelevant to the donors' passion for science, or that they would like to run their small foundation themselves, so as to foster family unity across generations. Mr. Gunderson suggests that such philanthropic families create an advisory council to "bring in different voices . . . that [will help them] address the hopes and aspirations within the broader community." Apparently, Mr. Gunderson shares the diversity advocates' view that philanthropists are beholden to the "broader community"—as defined by the advocates, of course—rather than being independent actors pursuing their own vision of the public good. Tell potential donors that they are merely agents of a politically defined interest group and that they must create sinecures to diversify their racial and sexual profile, however, and you will see foundation giving dry up.

The Council on Foundations is hardly the only mainstream institution to have ratified the diversity agenda. The Foundation Center is developing a survey instrument designed to test whether a foundation's "diversity" profile—race, sex and sexual orientation—predicts "diversity" grant-making. The new, foundation-funded Diversity in Philanthropy Project is spending approximately \$2.2 million promoting hiring quotas at foundations, in order to make diversity an "essential consideration in funders' day-to-day strategic decisions and actions." Just to put that number in perspective, it recently cost \$1 million for the Genome Sequencing Center at Washington University to decode all the genes of a leukemia victim. Which enterprise is of greater value to humanity? The smart money is on the cancer research—but according to the Diversity in Philanthropy Project, if the genome lab didn't contain underrepresented minorities, funders should have thought twice about supporting it.

Here's what the foundations should have said when the diversity police first came knocking: Are you kidding? You want diversity? *We* are it.

Here is a tour, highly truncated, of Manhattan's philanthropic world. Within the radius of just a few blocks this past Dec. 2, you could have learned about early-19th-century New York at a perfectly preserved stone inn built by John Adams's daughter on what is now East 61st Street, then attended a debate on whether George W. Bush was the worst president in 50 years. If the debate made you ill, you could have consulted doctors working on the cutting edge of medical science at Rockefeller University, where the debate was located. A few blocks west, you could have further recuperated by basking in the human splendor of the Metropolitan Museum of Art or the natural splendor of Central Park.

Across the park, you could have looked into the universe at the American Museum of Natural History's planetarium. Fifteen blocks south, city children enrolled in the Metropolitan Opera's Urban Voices choral program might have been visiting Lincoln Center to see where their newfound music skills could lead them one day. If you continued traveling south to the glorious main reading room of the New York Public Library, you could have had books containing the riches of knowledge brought to you as though you were a Renaissance prince. At Trinity Church on Wall Street, where the Daughters of the American Revolution lovingly maintain fresh flags at the gravesites of Revolutionary soldiers, you could have honored the sacrifices made by our forebears. And across the harbor, at Ellis Island's newly restored museum, you could have traced the path of America's striving immigrants.

Those are just a small fraction of the *physical* institutions that philanthropy supports in New York. Less visible is the variegated intellectual work in the city underwritten by donors, all part of the thriving battle of ideas that contributes to American dynamism. The Open Society Institute argues, among other things, for shortening prison sentences and overturning detention policies in the war on terror, while the Manhattan Institute, City Journal's publisher, promotes free markets and seeks to restore humanistic learning on college campuses. The New Criterion defends intellectual and artistic standards against mountebanks and poseurs, while scholars supported by the Gilder Lehrman Institute of American History research slave narratives and trace the origins of America's commercial culture.

Now, which of these institutions is not "minority-serving"? Does the Greenlining Institute dare to say that only white people benefit from the expansion of knowledge, the cultivation of beauty, and the careful preservation of the past? The Council on Foundations should advise donors, when the diversity bean-counting forms arrive in the mail, to catalog every grant thus: "minority-serving," whether it supports an exhibition of John Singer Sargent's Venice

watercolors or the study of kidney disease. The diversity mongers apparently know in advance that a child from Harlem could not possibly have his life changed by an encounter with J. S. Bach or pictures from the Hubble telescope. They would hivy minorities and the poor off from the rest of humanity and declare that philanthropic endeavors open to the whole of mankind have no relevance to these putative victim groups.

The Greenliners' response is predictable: *Oh, come on. We know what a program for minorities looks like, and support for scholarship and beauty*—or what the Greenlining Institute calls "pet causes that serve the wealthy and elite"—*is not it.*

Oh, really? If the diversity monitors have so keen a sense for what helps minorities and the poor, why have they been completely blind to the most powerful nonprofit program for poverty-stricken New York neighborhoods in the city's history? Some 14,000 New Yorkers—mostly poor, mostly black and Hispanic—are alive today who would have been killed had New York's homicide rate remained at its 1993 level. That homicide rate dropped 70% over the next decade, thanks to a revolution in policing begun under Police Commissioner William Bratton and Mayor Rudolph Giuliani.

Yet as philanthropy was underwriting the intellectual groundwork for that revolution, the Greenliners would have seen only a bunch of white people playing with ideas. In 1979, Nathan Glazer argued in *The Public Interest* that a city's inability to control minor crimes like graffiti undermined citizen confidence in urban government. George Kelling and James Q. Wilson expanded on that idea three years later in a now-famous article in *The Atlantic Monthly* urging police departments to return to their traditional role of maintaining public order, what Messrs. Kelling and Wilson called Broken Windows policing. The *Atlantic* article also criticized the then-dominant policing model, in which officers in patrol cars merely responded to crime incidents broadcast over their radios. Mr. Kelling had begun to question that dominant policing paradigm in his own foundation-funded research in the 1970s and early 1980s.

Broken Windows policing became a regular topic at a series of discussions on policing from 1985 to 1992 at the Kennedy School of Government, attended by Mr. Kelling and by Mr. Bratton, then head of Boston's Metropolitan Police. The so-called Executive Sessions, funded by the Mott Foundation and the National Institute of Justice, created the impetus for Mr. Bratton himself to rethink the reactive policing model. Earlier Ford and Mott Foundation demonstration projects in assertive policing also informed discussions at the Executive Sessions.

The public-order idea was already entering the urban arena in the 1980s through business improvement districts, as Mr. Kelling describes in a forthcoming paper. In the early 1990s, mayoral candidate Rudolph Giuliani learned at the Manhattan Institute how public squalor and petty crime had contributed to the decline of New York City. The Broken Windows concept reached its fullest expression in the New York City Police Department after Mr. Giuliani won office in 1993 and appointed Mr. Bratton his police commissioner. Mr. Bratton combined the concept with everything he had learned about aggressive, accountable policing to produce the longest, steepest drop in crime in the nation's history.

No one could have foreseen what the ultimate outcome of the ideas leading up to New York's crime conquest would be, not even the philanthropists who supported them. Yet that intellectual labor has done more for minority uplift than New York's multibillion-dollar social-services apparatus ever has—not just by saving lives but by creating the irreducible condition for economic development in the inner city: public safety.

The diversity campaign is oblivious to the complex power of ideas in the world. Those who would direct philanthropy into preconceived channels think that they already know the answers to the world's problems and need only to appropriate the funding for those answers. But no one can predict how ideas will play out in practice or who will be their beneficiaries. The public good is best served by giving maximum freedom to the creative spirit.

I have searched for some neutral principle that would delimit the proper ends of philanthropy and have found only this: Do what you love. If there is something that has inspired your passion, teach the rest of us to see its beauty, whether it's the unknown treasure trove of Vivaldi operas or the wild forms of Rococo silversmith Juste-Aurèle Meissonnier. Don't allow the self-appointed guardians of the poor to tell you that your enthusiasms are the artifacts of social and economic self-interest. They are not; they arise from Eros and the pursuit of the ideal.

The humblest object of devotion is as precious as the grandest ambition. The 19th-century stone inn that we visited on our philanthropic tour is maintained by the Colonial Dames of America, a group of women tracing their roots to the colonial period who support American scholarship and historical preservation. In 2001, Chapter XIII of the Dames

restored the shutters on the oldest brick house in Kansas City. Would Xavier Becerra and the Greenlining Institute have the temerity to disparage this little act of love? Such attention to homely detail is what binds communities together.

If the diversity enforcers really believe that philanthropy should be color- or sex-coded, here's a suggestion: Go out, earn some money yourself, and show the world how philanthropy should be done. And in the meantime, don't imply that the world has too much beauty and knowledge already. It doesn't. It can always use more.

**Ms. Mac Donald is a contributing editor of City Journal and the John M. Olin Fellow at the Manhattan Institute. This article is adapted from her William E. Simon Lecture on Philanthropy and Social Entrepreneurship, supported by the William E. Simon Foundation.**

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