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Mystery of Money Changing Hands

By Joseph C. Goulden

THE BIG FOUNDATIONS
By Waldemar Nielsen
Columbia University Press. $10.95.

PRIVATE MONEY AND PUBLIC SERVICE
By Merrimon Cunninggim
McGraw-Hill. $7.95.

AND SO now, belatedly, the philanthropic foundations submit themselves to self-examination. The foundations sorely needed introspection four years ago, when Congress made them a major target of the Tax Reform Act of 1969. Very rarely had the philanthropoids—the courtiers of the American rich — paused to ask themselves, "What am I trying to do? And how well am I doing it."

Most in-house foundation literature was self-laudatory to the point of embarrassment. The foundations considered themselves private institutions (although they existed because of tax-free endowments) and kept themselves disdainfully aloof from the public. Despite their fiscal girth (assets of more than $20 billion, annual spending of $2 billion-plus) the foundations never succeeded in creating a mass constituency, even among their supplicants.

Waldemar Nielsen's "The Big Foundations" (which focuses on the 30 largest of them) is a valiant attempt at critical evaluation. Wally Nielsen, a former Ford Foundation officer, knows the foundation world—which people are to be taken seriously, and which are cranks. The 20th Century Fund gave him the money for the four years' work that went into this book, but he retained his objectivity, and his conclusions snap chunks out of the philanthropic hand that fed him:

—**FOUNDATIONS** ("a sick, malfunctioning institution") do not deserve their claim of "special qualities of innovativeness, and creativity" in grants. They follow trends, rather than challenge or initiate them. Of foundations covered by one study, only one percent "viewed any of their grants as controversial"; these came to only 0.1 percent of the spending.

—**FOUNDATIONS'** social viewpoint is "essentially Lockean," dedicated to "the protection of private property rights" and opposition to expanded governmental powers and responsibilities. Their social, economic and political views reflect the biases of their business founders, and elitist officers.

—"**NOT-ONE-TENTH** (probably not one-twentieth) of their grants have any measurable impact upon the major social problems confronting the nation at the present time."

Despite these and other flaws Nielsen concludes the foundations deserve another chance to prove themselves—that they can play "an important ancillary role" by performing "some necessary and valuable services which otherwise would be accomplished only with great delay and difficulty." Yet he offers no concrete suggestions on how foundations can make themselves viable.

One barrier to foundation reform (and perhaps the major one) is the existence of such men as Merrimon Cunninggim, president of the Danforth Foundation ($173 million assets), whose "Private Money and Public Service" is an unintentional caricature of the pompous, harrumphing windbaggery that foundation people mistake for serious discussion. Nielsen toured the foundations with open eyes. Cunnninggim wore rose-hued glasses, and out-of-focus ones at that. When I read this book in galley form last fall I thought it came from a vanity press. Well, it didn't (McGraw-Hill is the culprit) but if you have $7.95, and are interested in philanthropy, your money would be better spent on a donation to the Salvation Army.

Joseph C. Goulden investigated the large foundations in "The Moneygivers"; his more recent books include "The Superlawyers" and "Meany."