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What is Liberatory Philanthropy?

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Recently, in the charitable sector, deep theoretical discussions have moved from the quiet dark corners of academia into the light.

According to Rodney Foxworth, executive director of the Business Alliance for Local Living Economy (BALLE) in Oakland, California: "The past year ushered in a new level of poignant and popular critique of the business of philanthropy, catalyzing widespread discussion and debate about **philanthropy's role in perpetuating and exacerbating** economic inequality and racial injustice."

Writing for the Nonprofit Quarterly on February 28, 2019, Mr. Foxworth notes that books like ***Decolonizing Wealth*** by Edgar Villanueva and ***Winners Take All: The Elite Charade of Changing the World*** by Anand Giridharandas have become "**essential reading** and struck a chord throughout the social sector and mainstream society."

Reexamining Philanthropy

Mr. Foxworth's article is titled ***How Liberatory Philanthropy and Restorative Investing Can Remake the Economy***. It focuses on the hard truth that philanthropy not only is the "product of wealth inequality," it also "thrives in an environment that perpetuates privilege, white supremacy, and entrenched power" – whether the latter is "deliberate or not." He cites thought leaders like Giridharandas, Villanueva, "and others" for the "compellingly clear" point that "institutional philanthropy often reinforces economic exploitation and extraction."

This revolutionary notion flies in the face of long-held conventional wisdom that philanthropy has had nothing less than a positive effect on remedying societal problems like poverty.

Accordingly, Foxworth asserts that "the field of philanthropy must wrestle with its complacency in the systemic accumulation and concentration of wealth; the system that results in the world having **2,208 billionaires** and **36 million** millionaires" while "literally billions are left behind."

For that reason, he writes, "philanthropy needs a liberation." There must be a "movement to redress these systemic failures and restore equality."

Actionable Steps for Philanthropy

Mr. Foxworth offers the example of Oakland-based **Justice Funders**, a foundation affinity group that has developed a **Resonance Framework** called **Just Transition**. The purpose is to provide foundations with clear, step-by-step, guidance to move forward to tackle one of several existential threats to our society: economic inequality.

Under this approach, called "restorative economics," foundations must "… acknowledge the impact of the extractive economy on marginalized communities, repair the harms of our long history of exploitation, and reject the continued accumulation of wealth and power in the hands of a few."

He links to a recent article in Yes! Magazine titled ***Foundations Have a Not-So-Charitable Secret***. There, author Chris Winters explains that a huge pot of money is available for "good" instead of perpetuating the status quo. Citing **Foundation Center statistics** from 2015, about 86,000 charitable foundations held more than $890 billion in assets. But they made grants of – on average about seven percent; that is, about $62.8 billion. (Under current federal tax law, foundations are required to pay out 5 percent of their endowments each year.)

"**What to do with the rest of that money**—$827.3 billion—has presented both problems and opportunities."

Changes in Investment Strategy

This excess-over-grants amount is being invested in Wall Street purportedly to "**ensure that philanthropic largess remains in perpetuity.**" But in order to "make liberatory philanthropy a reality," foundation leaders can and should carefully reevaluate "**how they manage and invest their endowments.**"

In ***Doing Good and Doing Well*****,** Marc Gunther similarly points out, in the Chronicle of Philanthropy in January 2019, that "old fashioned investments still eat up most of foundations' assets." "Why," he asks, "isn't a bigger slice going to impact investing?" Mr. Gunther notes that "there's been lots of talk, but the vast majority of foundations are sticking with a century-old bifurcated model of philanthropy: Money is given away on one side of the house, invested on the other, and never the twain shall meet."

The good news, according to Chris Winters, is that "**more foundations are starting to recognize the wasted opportunity** for investing their massive amounts of capital and are correcting course." But Marc Gunther laments that – of the 15 largest U.S. foundations – "only Ford, Kellogg, Kresge, and MacArthur **have committed part of their endowments to align with their missions.**" Too much money currently sitting in charitable endowments is not being "invested in alignment with their missions."

Mr. Foxworth asks: "What if foundations divested from Wall Street altogether and **instead invested in local economic enterprises** that are building wealth in communities of color and low-income communities? He asserts that "[t]he most popular and mainstream forms of impact and mission investing … [still] **fail to interrogate** how wealth accumulation, capital supremacy, and concentrated power perpetuate injustice and inequality."

Worthy Examples

Rodney Foxworth points to the **Heron Foundation** as an example of how to make meaningful and positive change. In 2015, the $275-million private foundation recognized that it was investing in the largest operator of private prisons in the United States. So it made a change, developing a "set of metrics for evaluating investments in its portfolio for community, social, and environmental impacts, what the foundation calls "**net contribution**."

Another "remarkable example" is the **Buen Vivir Fund**, founded by **Thousand Currents**, an organization that has supported self-determination in the Global South for over thirty years. Thousand Currents and its partners—including **NoVo** and **Swift Foundations** – invest directly in grassroots economic change, following principles of the Resonance Framework.

Conclusion

Mr. Foxworth concludes his article by urging foundations to "**fundamentally change their way of operating** by redistributing wealth, democratizing power, and shifting economic control to communities." Of course, "this requires a shift in our underlying assumptions about the role of capital and our underlying approach to philanthropy."

Those in power "must give some of it up." He believes that "**foundations are ideally positioned to model the way.**"