

THE CHRONICLE OF
PHILANTHROPY
Connecting the nonprofit world with news, jobs, and ideas

Opinion

September 19, 2010

As Greed Undermines American Society, Where's Nonprofit Leaders' Outrage?



By Mark Rosenman

Many of the problems facing our society have one fundamental cause: greed.

In both government and corporations—and, yes, even in the nonprofit world—the greed of a few people damages and diminishes everyone else while also undermining those very institutions that are supposed to protect us and America itself.

The stakes are too high and the time too fleeting for failures of leadership. Nonprofits must step forward and speak with clarity and with force so that truth can be heard and the public galvanized for action toward the common good.

Let's begin with government. By catering to the avarice of some of the wealthiest Americans, many members of Congress reflect their own greed—to get and hold power they are willing to serve private interests over public ones. As a result, the portion of tax measures that directly benefit the rich may deny the Treasury more than \$1.3-trillion.

Too many elected officials are willing to pay that price to curry favor. But surprisingly, this painful loss of government revenue is little discussed by the vast majority of charity leaders, even those who are finding it impossible to maintain services amid federal and state spending cuts.

Faced with deficit problems, politicians look reality in the face and then turn to wink at their campaign-financing benefactors. Congress let the estate tax completely expire for 2010, though continuing it at 2009 levels would have affected only the super-super-wealthy—99.75 percent of all estates would have remained free of the tax. Billions and billions of dollars flow entirely to heirs this year, costing the Treasury about \$15-billion.

The repeal of the estate tax was but one of a number of cuts passed during the Bush administration that have hurt people who depend on government programs—and that means all of us.

President Obama wants to allow those other tax cuts to expire on schedule for the wealthiest 2 percent of Americans (those families making more than \$250,000 a year) while extending them for everyone else.

Many members of Congress, led by the Republicans, would preserve these other tax cuts for the wealthy at a cost of about \$680-billion.

In fact, in 2011 alone, a plan promoted by Republicans would provide a \$31-billion benefit just to households that already earn more than \$1-million a year. Do these millionaires and their political agents really think it justifiable to deny a financially strapped populace the government-financed nonprofit services that that amount of cash could fuel?

A focus on tax issues alone is insufficient to fully understand the damage done to nonprofits and the people they serve by an unending thirst for greater riches and power.

More than \$2.5-billion was raised in the 2008 elections and more than 75 percent of that came from business. In fact, in their selfish quest for campaign contributions, elected officials fight to get assigned to the committees that regulate corporations with the deepest pockets. There are even “congressional charities” set up by some politicians to extend tax exemptions to their corporate benefactors. As the philanthropist Philip Stern once wrote, we’ve got the best Congress money can buy.

Corporations work to elect officeholders who look out for their private interests. While the principal purpose of regulations is to protect Americans from dangers imposed by the unbridled pursuit of profit—be it in our food, drugs, cars, or financial institutions, for instance—businesses want to roll back oversight and rules.

We decry corrupt foreign officials, yet seem to see nothing wrong with a Congress in which politicians solicit and accept contributions from the specific corporations they are supposed to oversee and regulate.

While many nonprofit organizations work valiantly to strengthen rules to protect the public from specific dangers, relatively few charity leaders demand that the corrosive influence of money in politics be better controlled before this corruption of democracy gets completely out of hand.

Even in the face of global warming, confronted by heat waves, floods, oil spills, droughts, and wildfire conflagrations, corporate lobbyists have managed to stop meaningful climate-control legislation. Where is the voice of charitable leaders—not just environmentalists—to contest this capitulation?

How, in the face of obvious human and planetary disaster, can the greed of corporations for ever-greater profit, and of legislators in protecting their interests, be generally unchallenged by nonprofit leaders?

Those same dynamics of greed have brought us to the edge of economic disintegration and close to a double-dip recession. It was deregulation of banking institutions by Congress in the late 1990s that got us into this crisis, and now we see corporations keeping us in it. The economy cannot truly recover without jobs.

Although corporate profits set an all-time record of \$1.37- trillion in the first quarter of this year—and, astoundingly, they are sitting on \$2-trillion in cash—corporations are not rehiring the 8 million workers they laid off in this recession.

With unemployment hovering around 9.5 percent, it is said that corporate leaders are waiting for a more favorable business climate, by which they mean still lower taxes and still more deregulation—and now they have the Obama administration considering \$180-billion in tax cuts to spur hiring.

In effect, corporations are saying, Feed our greed or most Americans will continue to suffer.

And so will nonprofit organizations. Corporate contributions fell significantly last year, and they are expected to remain flat in 2010—so besides holding back on the hiring necessary for economic recovery, they are also shortchanging the charities that are helping the jobless and other Americans in these terribly strained times.

More and more, “corporate philanthropy” seems to be an oxymoron—their ostensibly philanthropic actions reflect marketing strategies instead of altruistic purposes. Cause-related marketing, profit-generating charitable partnerships, and publicity-seeking crowd-sourced donation programs all benefit corporations more than charities.

Greed may be killing the American dream. For about the last four decades, the income of 90 percent of Americans has essentially remained flat, and we are now seeing new generations of Americans actually losing ground, realistically expecting to do worse than their parents no matter how hard they try. During that same time, the income of the super-wealthy has more than tripled. We have seen the wages of CEO's go from 26 times the median income of Americans to more than 300 times that figure.

Most of us, wherever we work, simply acquiesce to what seems the inevitable imperative for greater riches. Too many of us just do what everyone else is doing, just want what everyone else is wanting. Yet we all hold some responsibility for not seeking and speaking truth.

While greed appears endemic in the corporate world and among its political cronies, the nonprofit world has not been totally spared this insidious dynamic.

Some charity and foundation executives, with the complicity of their board members, have allowed greed to crowd out public service. Outrageous salaries, benefits, and other expenses characterize, although still proportionately few, far too many nonprofit organizations. These selfish practices not only imperil individual organizations but also make vulnerable the entire nonprofit world.

So where does all of this leave us? We need nonprofit and foundation leaders to call us to reject the avalanche of limitless greed, first by naming it, then by exposing and helping all to see it, and finally by promoting new public policies and private practices.

Corporations and the politicians they support won't fill this moral void. But the country increasingly is ready for the emergence of new leaders and a reassertion of important American values. It is up to us.

The nonprofit world needs to speak clearly for the common good and to work assiduously toward it. Our organizations need to get beyond their own parochial interests and to find shared purpose across areas of concern. We all suffer at the hands of the greedy in and beyond the ways noted here. By pulling these pieces together, by pulling ourselves together, by showing the greedy what they really are, we can begin to build a more democratic, caring, and equitable society.

Mark Rosenman directs Caring to Change, a project in Washington that seeks to improve how grant making serves the public.