

- Edited Transcript -



HUDSON INSTITUTE'S
Bradley Center for Philanthropy and Civic Renewal

presents a discussion entitled

What is Conservative Philanthropy?

Wednesday, September 12, 2012, 12:00–
2:00pm

Program and Panel

12:00 p.m.	Welcome by Hudson Institute's William Schambra
12:10	Panel discussion Lenore Ealy , Executive Director of The Philanthropy Enterprise and Editor of <i>Conversations on Philanthropy</i> Gara LaMarche , Senior Fellow at New York University's Robert F. Wagner School of Public Service James Piereson , President of the William E. Simon Foundation Steven Teles , Associate Professor at the Johns Hopkins University Zanvyl Krieger School of Arts and Sciences
1:10	Question-and-answer session
2:00	Adjournment

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WILLIAM SCHAMBRA: Thank you all for coming today. Good afternoon. My name is Bill Schambra and I'm director of Hudson Institute's Bradley Center for Philanthropy and Civic Renewal. Kristen McIntyre and I welcome you to today's panel entitled, "What is Conservative Philanthropy?" First, our customer preview of coming attractions. As many of you know, several years ago the city of Bell, California went through a particularly humiliating version of the bankruptcy that is now haunting a number of cities in the Bear Flag Republic. However, what you may not know is that Bell is battling its way back to solvency in a particular and instructive fashion, namely by directly and actively engaging the citizenry of the town in the difficult decisions it now has to make about its future. In other words, the city has turned a severe fiscal crisis into an opportunity for the sort of civic renewal that the Bradley Center studies and celebrates. So mark your calendars for October 26th, noon to 2. We are going to hear about the civic rebirth of Bell, California from someone who helped bring it about, namely Pete Peterson, executive director of the Davenport Institute at Pepperdine University. And he'll bring with him a couple of residents of Bell who participated in the process, so that you will have a rare opportunity to hear from the citizens who actually participated in this process.

Now for today's panel, I should note that it's something of a bookend to another panel we held last year entitled, "[What is Social Justice Philanthropy?](#)" Just as it would have been difficult to find a more knowledgeable and thoughtful representative of social justice philanthropy than our lead speaker on that occasion, Albert Ruesga of The Greater New Orleans Foundation, so today it would have been difficult to find a more knowledgeable and thoughtful representative of conservative philanthropy than Jim Piereson. Jim directed the truly legendary John M. Olin Foundation until it closed its doors several years ago and now directs the William E. Simon Foundation in New York City. But more importantly, no one within the leadership of conservative philanthropy has fought more deeply and written more clearly about its ends and means than Jim Piereson. That should have been evident in his essay from the May 2005 issue of *Commentary* magazine that we assign as reading for this session, which was entitled "[Investing in Conservative Ideas.](#)" It is now seven years old. We're a little behind in our material, but nonetheless I think as you saw it still has a great deal to tell us about conservative philanthropy and he'll be bringing us up to date with his reflections today.

Then we'll hear from members of our truly distinguished panel. First, Steven Teles, professor of political science at Johns Hopkins, who has been an acute observer of conservative philanthropy and whose book on the topic, [The Rise of the Conservative Legal Movement](#), I highly recommend. It is an extremely sophisticated and thoughtful treatment of the conservative legal movement. Next, Lenore Ealy, currently editor of a journal entitled [Conversations on Philanthropy](#). And she is currently this year's president for the Philadelphia Society. Now I should add that Lenore is something of the intellectual executor for the late Richard Cornuelle, who is one of the founders of modern conservative philanthropy. And finally, Gara LaMarche, senior fellow at New York University's Robert F. Wagner's School of Public Service and a long time executive in various distinctly non-conservative philanthropies.

JAMES PIERESON: Thank you very much, Bill. Happy to see you again. Happy to be here at the Hudson Institute. Happy to be here with my friends on the panel. Thank you. That article that I wrote seven years ago is a kind of a look backwards at what conservative philanthropy had been in the post-war period and it ended with some speculations about the future. So let me in

these remarks go back and cover some of that ground again and then try to bring it up to date with what I see having happened over the past many years and where we might be headed in the future.

Hudson Institute has given us a title for this session, a question that I am unable to answer, What is Conservative Philanthropy? It is a question that admits of many answers dependent upon what we mean by conservative or philanthropy or by the two terms linked together or by what we judge to be the critical tendencies of this particular moment. None can be answered with precision. So instead of discussing the subject from an abstract point of view, I'd like to discuss it in terms of what conservative philanthropy has been and what it might yet become.

Now, of course, conservative philanthropy like the conservative movement has exploded in size over the past three or so decades. So there are many different styles of conservative philanthropy. Unfortunately, I'll have to gloss over that. I serve on the boards of three conservative foundations and they all do something distinctly different.

First, to speak generally about conservatism, but with a modest degree of historical license, one might say that there have been two traditions of conservative thought since that paradigm first emerged around the time of the French Revolution. As we understand it, conservatism has developed in tandem with the liberal revolution in politics and economics. There is the tradition originating with Burke that leverages the language of prudence and tradition to the defense of representative government, the rule of law, etc. In other words, to the defense of liberal institutions. This is an enduring theme. Conservatism brings something from outside liberal thought to the defense of liberal institutions. This was thought to be so obvious for most of our history that few statesmen or philosophers felt it necessary to articulate conservatism as a doctrine in its own right. The emergence of the conservative movement in contemporary times was a sign that such an assumption could no longer be taken for granted.

Others have argued along these lines that it is necessary to preserve pre-liberal institutions, namely church, family, local governments, and voluntary associations as a foundation for markets and representative government. This was another way of making the case described above. Liberal institutions cannot stand entirely on their own and require support from the outside as it were. This is the claim made by Tocqueville, somewhat differently by Schumpeter, that capitalism and democracy depend upon the preservation of pre-liberal and even non-liberal cultural institutions. Neither writer was especially optimistic that such pillars of liberty could in fact be preserved.

The second tradition is that of classical liberalism, which strictly speaking is something quite different from conservatism. The classical liberal suggests that market capitalism can stand on its own foundations without external support from the kinds of institutions discussed before. Conservatives doubt the claim, made best by Hayek, that market systems generate their own spontaneous order of support in institutions. For his part, Hayek declared that he was not a conservative at all. He did not think that conservatives could succeed in holding back the tide of leftism because they made a traditional and practical case rather than a principled, philosophical, or ideological one. Hayek and his followers sought to establish classical liberalism as a principle alternative to socialism and statist liberalism. Nevertheless, modern conservatives and classical

liberals have generally been able to work toward a common goal of limiting the reach the state and the intrusion of politics into the life of civil society, even though they disagreed on some fundamental assumptions.

In the article I wrote in 2005, I tried to say that conservative philanthropy in the post-war era has structured itself around these two traditions of conservatism. Each developed in response to historical events. The first to the New Deal and the rise of the welfare state. The second to the Great Society and the cultural revolution of the 60's. In both cases, conservative philanthropists, including the classical liberals in this camp, looked at books and ideas for guidance to a surprising degree; despite critics who viewed the concept of conservative ideas as a contradiction in terms. I expressed a concern near the end of that article that this emphasis was giving away to a greater focus on politics and the nuts and bolts of policy. There is nothing wrong with the foci, I suggested, except that there is a stronger rationale for them if they're organized around more general aims and objectives and a broader understanding of the ends of political life.

The first tradition was one of classical liberalism, originating in the 1940's and guided by Hayek's *The Road to Serfdom*, published in Great Britain in 1944. A condensed version of the book published by *Reader's Digest* sold two million copies in the US. The Hayekian philanthropists were generally businessmen, often leaders of large corporations. Their campaign was to save liberty and the free enterprise system from collectivist assaults, either from socialist or New Dealers because Hayek had written that the welfare state was just a way station on the road to socialism. The Hayekian philanthropists disdained politics and policy arguments and set about preparing the next generation of teachers and journalists to make the case for the free society. The Hayekian philanthropists built up an impressive network of academic and journalistic supporters through the 50's and 60's, but were generally swallowed up by the cultural tsunami that rolled over the country in the 1960's. Classical liberalism was further outside the mainstream in 1968 than it was in 1946. In my article, I judged this to be a principled movement but also a failed one.

The second tradition was that of neo-conservatism that arose in the 1970's in response to the cultural assault of the 60's. The neoconservatives came from the left, accepted the New Deal, not necessarily the Great Society, dismissed the argument for free enterprise and placed great weight on cultural arguments in defense of the family, religion, and the institutions of civil society. They took their bearings from the likes of Burke, Schumpeter, Tocqueville, Orwell, Madison and Hamilton and even Aristotle. Most were writers and editors. Few were academics. None that I know was an economist. They were essayists and editors used to making arguments about politics and culture, and in contrast to the Hayekians, they wanted to address immediate controversies. Far more than the classical liberals, they were interested in foreign policy, religion, and culture.

Irving Kristol said late in his life that he had never read *The Road to Serfdom*. Kristol and the neoconservatives defended capitalism and insisted that it was part of a network of institutions that could not stand on its own, as he wrote in one essay titled "Two Cheers for Capitalism."

The neoconservatives exercised great influence over the conservative foundations that developed in the 1970's and 80's, including Olin, Smith Richardson, Scaife, and the Bradley Foundation.

This period roughly from the 1980's to early 2000's was one of enormous success and growth for conservatism in general and for conservative philanthropy, in particular, as many of the ideas and doctrines that they sponsored were brought into the public arena. Supply side economics, across the board tax cuts, law and economics, the military build up, strategic defense initiative, aggressive stance in the Cold War, deregulation, anticrime and safe street campaigns, welfare reform and many others.

There were some spectacular successes. The Reagan economy, the long bull market, the Gulf War, the fall of the Soviet Union, the Gingrich Revolution, the success of welfare reform, the evolution of the charter school movement, to name just a few. In that period the reformers in American politics were generally conservatives and much of what they promoted brought surprising success. So much so that there were liberals just a few years ago who began to plot their comeback by appropriating that model for their own purposes and with a great deal of success, I might add.

Perhaps in retrospect the Olin Foundation closed its doors at an appropriate moment, because entering in 2000's this run of good fortune was about to come to an end. It's difficult to pinpoint the moment at which this turnabout began. Perhaps it was on 9/11 or when US troops failed to find weapons of mass destruction in Iraq or when the insurgency in that country got out of hand. There followed other developments, congressional elections of 2006, the real estate collapse, the financial crisis that erupted in the middle of the 2008 campaign, the rise of Obama, the stimulus, healthcare reform, and the general confusion as to how to defend market capitalism and a robust American role abroad in the wake of these developments.

At the end of my '05 article I noted that conservative philanthropy was about to enter a third phase, but I could not foresee any developments that fundamentally reshaped the intellectual and political landscape. There is little doubt that what we call conservatism is in a state of flux as we look for a way forward. That is also true of liberalism, but that is a story for another day. The liberals at least have a political leader around whom they can rally, which is not true of the conservatives.

Let me make a few observations by way of updating my remarks from 2005 in describing where I think conservative philanthropy is today and where it might go. These are what I would call back of the envelope observations and have no necessary historical or scientific validity. One, conservative philanthropy is evolved from a movement of ideas in the 70's to one more focused on policy today. Conservative philanthropies have become adept at promoting concepts like charter schools, school choice, core curricula, health savings accounts, tax reform, entitlement reform, balance budgets, and so on. Staff and board members are now more likely to ask about a particular project, what is the pay off in policy? Large ideas, such as those advanced in the 80's by the likes of Michael Novak, Samuel Huntington, or Allan Bloom, are less in evidence in conservative discussions. The influence of New York intellectuals, small magazines, and cultural criticism is less than it was a few decades ago.

Two, conservatism has evolved from a movement independent and outside of the major parties to one that is almost wholly identified with the Republican Party. In the 70's and the 80's, many conservatives were estranged liberals and Democrats who hoped to exercise influence over both

parties. That is no longer true. Conservatives today are almost completely associated with the Republican Party. Indeed, there are few independent intellectuals around today on either side of the ideological fence.

Three, and this is a controversial assertion, there is also the surprising disappearance of neoconservatism as an influential public doctrine. This, as I said, is a controversial statement. There are several factors at work here, including, the way the intervention in Iraq transpired and the fact that neoconservatives unfairly were blamed for everything that went wrong there. The financial crisis has forced political debate and economic and financial directions, not the strong suite of the neoconservatives. Many of the basic ideas of neoconservatism have been absorbed into the broader conservative movement and the battles they engaged over crime, welfare, collapse of the cities, educational failure, and the Cold War have either been won or subordinated to new conflicts.

Finally, many of the formerly influential neoconservatives have passed from the scene, including Irving Kristol, Jeane Kirkpatrick, D.P. Moynihan, and James Q. Wilson. Four, the retreat of neoconservatism has lead to another surprising development, namely the revival of Hayek and classical liberalism as the effective answer to the growth of government in the wake of the financial crisis. The evolution of events has crystallized conservative arguments into something resembling Hayek's position in defense of free markets, capitalism, and spontaneous order. Hayek is more influential on the right than he was a few decades ago. And more influential than the neoconservatives Schumpeter, Orwell, Burke, or any of the other thinkers who sought to save liberalism from itself.

Ironically an intellectual movement that I judged to be a failure in 2005 has revived itself under the pressures of the financial crisis and the fundamental challenge to capitalism. There are many signs of this. For example, the last Republican vice president was noted for his links to neoconservatives, while the current candidate cites Hayek as an important influence on his thought. Five, the decades in the 1970's and 80's were periods of institutional invention on the conservative side. With the founding and evolution of magazines, think tanks, book publishers, academic programs, and the like. Often with funds supplied by conservative foundations. That is much less the case today when conservative foundations and conservative institutions are more focused on building out from the infrastructure created in those earlier decades and adapting their message to the Internet, YouTube, Twitter, and the like. If one asked why conservatives might be less interested in broad ideas today, this might provide one of the answers.

These points are part and parcel of the growth of conservatism and conservative philanthropy from a movement generally at the margins of political debate to one that has fought its way into the political mainstream. Having done so, it has rendered the mainstream more contentious and unstable. At the same time as large events are threatening to overthrow it all together, the challenges facing the United States today are so massive that they cannot be addressed or resolved within the current structure of party politics and intellectual debate. The long political cycle that began in the 1930's fueled by unprecedented prosperity, but also by debt, American power, and the US dollar, is approaching an end. Conventional opinion holds that it can be stretched out indefinitely by the machinations of central banks, perhaps. But it seems unlikely that this would be so. In my view, this is not likely to end quietly but it is difficult to see our way

beyond it. If there is to be a third chapter of conservative philanthropy, then it will be drafted out of the upheaval that is of yet in its early stages. Thank you. [APPLAUSE]

STEVEN TELES: First of all, if what I say to you does not make any sense it is because I was up half the night with my child. So you can blame him for that. Don't blame me. Also I think this panel is going to be a little like Rashomon where we're all telling about the same events and we're going over some of the same things but our perception of what actually happened and what was important is going to be somewhat different. Oddly enough, given that I'm not a foundation executive, I actually think my talk may be more on foundations as such, whereas Jim's actually was more about conservatism as such. Although I think we're both going to begin with some of those two elements.

I think of conservative foundations as really having had three phases. And again, I was trained by Straussians, which somebody when I said that once was like, 'Is that like being raised by wolves?' So my tendency is to think about periods as being divided into regimes where there is sort of a coherent spirit that holds them together. The Classical era of conservative philanthropy I associate with Volker, Earhart, to some degree the Liberty Fund. Again, there is some overlap between these eras. The Modern era being the second phase, which I associate with Bradley, Olin, the old Smith Richardson before things got weird on the board. And the third, which I'll call the Post-Modern era, the era now in which the Philanthropy Roundtable has hundreds of participants in which in some sense is hard to actually say that there is any coherent spirit that holds together this very diverse group.

So the theme of my talk is really about explaining where the Modern era of conservative foundations came from, the foundation that Jim ran so well, the Olin Foundation being the classic example of that. What they inherited from their classical predecessors and how their model might be beginning to fray, which I think was also an element of Jim's presentation. With each of these I'm going to make two points, one about the object or spirit of their philanthropy and one about their method.

I think each of these eras had a distinct element of both the spirit and the method of philanthropy. The Classical era in my mind really starts out with the Volker Fund, which really did not go on very long. That's sort of what's remarkable about it is they have this incredibly important role and then they kind of hand their spirit off like a baton to Earhart and then die off for reasons that are almost unbelievably weird. We're not going into what happened there. Their spirit really was remnantism, right? The belief that liberty as they understood it was in peril and that the basic argument for free markets was not even understood anymore and that those who believed it were scattered to the four winds and were not in contact with one another. The object of conservative philanthropy was to bring these hearty souls together to allow them to rebuild the argument for liberty once more and to make it available to the small coterie of individuals who could gradually diffuse it through society.

The inspiration for this was not so much Hayek's *The Road to Serfdom* as it was his essay, "[The Intellectuals and Socialism](#)," in which he observed that, "In every country that has moved toward socialism, the phase of the development in which socialism becomes a determining influence on politics has been preceded for many years by a period during which socialist ideals governed

the thinking of the more active intellectuals.” Experience suggests that once this phase has been reached, it’s merely a question of time until the views now held by the intellectuals become the governing force of politics. So the spirit of Volker and Earhart’s philanthropy was that politics was, as the Marxists used to say, superstructural. But instead of being derivative of deep economic forces, it was derivative of the deep intellectual current of belief. What Gramsci would have called the hegemonic ideas of the time.

This philosophy was essentially Fabian. If you change the fundamental beliefs of those operating the political sphere, politics would change with it. But you couldn’t change politics if you hadn’t changed people’s fundamental operating assumptions. And conversely, without such a change, political activity was essentially wasted. The universities were consequently a central focus of Volker and Earhart’s work, as well as a small set of independent intellectuals since that is where the ideas that filtered down to politicians came from. So that was the spirit of the Classical era.

Now the method, which again I actually happen to be more interested in, it is actually our good luck that the men who created this model of philanthropy left us a document, until recently moldering away in the archives and found by my colleague, Angus Burgin at Hopkins, that stated exactly what they thought they were doing. This is unusual that people do this, but in 1956 the president of Volker wrote a detailed report called, uncreatively, “Review and Recommendations.” Again, some things never change in philanthropy in which it detailed the various components of the Volker model. And what strikes me is where they said that what they were doing was first of all anonymous philanthropy. It says that resources should not be used in any way to perpetuate the Volker name. Now the Olin Foundation named a lot of stuff but I don’t think that was the key inspiration of the foundation. It wasn’t simply to keep the name of the donor going.

Second was what they called the venture philanthropy, which was not what it has come to be known today, which is risk taking that involves the endurance of many disappointments as the price of high achievement. Third, they said patient philanthropy. They wrote, “The recognition that the most important human problems require long-term rather than short-term treatment. We can never have the advantage of operating with positive indications of success.” Now this metrics people should take note. “A full generation is the minimum germination period for a new idea.”

Fourth, what they called aggressive philanthropy, not sitting back and waiting for proposals but actively seeking out people and ideas. Next, a kind of anti-planning spirit. Now this is one of the most interesting lines I found. Again one of the things that is most strikingly different than modern strategic philanthropy, they said “We do not feel that this method is appropriate to creative endeavor,” what they call the Ford method of figuring out a huge strategy and then going out and basically creating contractors out of organizations to do all of the different aspects. Again quoting, “It is possible to determine in advance the areas in which the need for creative scholarship seems to be most urgent but one cannot buy genius by the pound. Having isolated areas where further work is necessary, our only function is to search for persons whose own minds and consciences have already moved in this direction but whose work can be made easier by lightening the burdens of financial responsibilities.”

And finally, what they called ideological philanthropy—an emphasis on basic ideas and values rather than on mere metrics, on mere mechanics and techniques. The thing that I would add is having a small staff. They actually went out of their way in this document to say that they had a small staff and they wanted it that way; that there would be no advantage of getting any larger. So that is the spirit and the method.

The modern period. Now I'm kind of going over Jim's biography, and what generally strikes me in digging around on this is just how much this very small group of foundations of Volker and Earhart passed along to their successors. Volker passed its model on to Earhart and then Frank O'Connell went to Earhart just as the Olin Foundation was being set up. Mike Joyce then took this model again, with some annotations, to the Bradley Foundation and in essence it became the orthodox model of what conservative philanthropy is supposed to look like. To some degree there was an isomorphic force that conserved this group of conservative foundations that said this is what conservative philanthropy is supposed to look like and conservative foundations therefore had to have some very strong reason not to behave in this way. Right? So again, there were changes, which I'll describe briefly, but especially at the level of method which strikes me as the remarkable continuity from the classical to the modern period.

First, the spirit, and I think this is where there really is a difference, and I think Jim is right on this, the spirit of the first wave of foundations was libertarian and remnantist. They thought they were the few ones down in the catacombs, right? And there was still some of that in the second wave but what was distinctive was what I'll characterize as the neoconservative spirit and its greater optimism about the potential for change, which would somewhat reduce but only somewhat, its time horizon. So neoconservatism at least is applied to these questions and at a very distinct spirit to the work of conservative philanthropy. I would characterize the distinction as one of coming up out of the catacombs and engaging directly with modern liberalism.

In particular, I think what is most distinct was neoconservatives characteristic move, which was to accept liberalism's objectives and to some degree its objects of concern, but to argue that conservative and libertarianist methods were a much better way of achieving them—school choice, welfare reform, enterprise zones, markets rather than regulation for dealing with externalities, and individual mandate for health care. Yes, I think that was actually a conservative idea. I think history bears us out. These were all classically neoconservative positions and Olin, Bradley and their compatriots were essential in injecting this spirit into conservatism.

On the one hand, attacking liberalism for no longer adequately serving those who they said were the object of its compassion and then arguing that conservatism couldn't beat something with nothing. That that was a very neoconservative move, which their predecessors wouldn't have, right? Their predecessors would not have said, 'Oh, we need to have our own answer to whatever it was,' right? They insisted that the critical role of conservative activism and philanthropy was to both show that liberalism wasn't working on its own terms and that conservative solutions could achieve liberal objectives better than liberals could. Methods, right?

Well, there was a real difference with the classical era and spirit as well as a great deal of similarity. I think there was a lot of overlap on method. The modern conservative foundations like Olin kept a very small staff. They assumed that they would often have to keep ideas going

for a long and even an indeterminate time before they were ready for prime time. They kept a close relationship with their grantees and depended on inside information as to how they were doing rather than formal information such as metrics which they used almost not at all. I think that there was some point where I interviewed Jim and I asked about how he did evaluation and he sort of made a pretend like he was doing a phone call. So while not abandoning the long term, they spread their bets temporally a bit more than in the classical period, creating more of a pipeline all the way from the fundamental ideas of the classical period all the way to those who diffused them in magazines and everything else.

The other thing I would say is there were more things to fund by this point. One big difference between the modern period and the classical period is the modern period focused more on giving general operating support to organizations and then letting them manage their own affairs, rather than in the period before where they had to fund intellectuals directly.

One other point on this. While the founder's intent was important for all of these foundations, my sense is it was also not slavishly observed. The men who ran these foundations realized that not all the answers to what could be done could come from the donor or his choices for the board. I would characterize this in the way that Jack Balkin has characterized constitutional theory as living originalism. These foundations had a very powerful ideological spirit from their original donor but they realized that the staff had to make these decisions on their own. They couldn't just go back to the original documents. They weren't fundamentalists in this sense.

Finally, and this we get to the point where both Jim and I are sort of seeing through a glass darkly on what I'll call post-modern conservative philanthropy. I'll discuss this only briefly both for reasons of time and because it's still a process very much in motion. But the reason to think that conservative philanthropy, and with it conservative activism in general, may be diverging from the very successful model of the modern period in both spirit and method. Spirit again neoconservatism was about beating the liberals at their own game, showing that they could attain liberal ends better than liberals could. I think the spirit may be dwindling and I refer to that a little bit in my essay in *National Affairs* on the eternal return of compassionate conservatism, a word that I know gives Lenore hives and we may actually have to get some medical assistance for her. So there's far less interest than there once was in the spirit of conservative problem-solving that was characteristic of people like my good friend Larry Meade, who I think as almost the perfect example of that kind of spirit.

Conservatives have entered into a period in which they are somewhat less optimistic about and morally obligated to claim that they can better vindicate liberal ends. Some of this is a result of pessimism that large numbers of minorities can ever be brought over to the conservative cause and some of it comes in the more full throated belief in liberty and budgetary austerity that's taken over the movement. Some of it also comes in the sense that conservatives no longer have to play the long game. Hayek and those who learned from him believed that they were in a multi-generational battle but conservatives have come to believe that the battle of Armageddon is upon us, that they caught the liberals in their crosshairs, and now I'm mixing a metaphor but you know. And now is the time they no longer have to engage in fancy fainting and attacking maneuvers of the kind that neoconservatives did but can actually destroy it. Destroy liberalism. I

think this explains why many conservative donors have lost interest in the larger longer battle of ideas and are putting more of their money as the Kochs have in hardball political organizing.

And this finally gets us to method. Conservatives generally shooed foundation professionalism in the modern period. In fact, they created their own organization, the Philanthropy Roundtable, as an alternative to philanthropic professionalism because they were worried that foundations would lose their distinctive character if they were drawn into facing all the other foundations in their world. That distinction has also starting to wane. Metrics, measurement, logic models and the rest of the apparatus of new philanthropy are becoming as popular among the conservative philanthropists who go to Philanthropy Roundtable meetings as they are to mainstream and liberal foundations. In the end this will have major consequences for the organizations they fund and I think they will not be positive. As a liberal, I'm somewhat glad for this. But as an admirer of the style of philanthropy first pioneered by the Volker Fund, I have to admit that my pleasure in this is at best bittersweet. [APPLAUSE]

LENORE EALY: That's terrific. I think I'm the historian of the bunch but I have very little historical nitpicking to do with these gentlemen's papers. I love the way, Jim, that you've revised the paper because I think it will just tease out my perfect remarks here to come back and make a defense that the classical liberal tradition within philanthropy is what we need to move forward. To go forward we really have to go back and then come forward. So I'm pleased to hear that the failure has been perhaps redeemed by the long-term strategies and my comments will pick up from that remark there. Why we need essentially then a Hayekian revival of principle pluralism to have a genuine conservative philanthropy. So I'll segue there.

Bill asked us here today to think about the role of conservative philanthropy in America, with special attention to considering whether it is, as modern liberals believe, a sinister presence bathed in false consciousness or whether it is sincere political philosophy based on, as Jim Piereson put it in his interesting essay, "a lively engagement with a coherent body of ideas."

I live in a fly over county right now. I live in Indiana and in discussing this topic with a few people before I came out it was impressed upon me that conservative philanthropy means something different in the Midwest than it does out here on the East Coast. So I want to say that most of what I'm going to be talking about is conservative movement philanthropy. I'm going to give a quick stab at the broad definition of conservative philanthropy, which I think conservative movement philanthropy is a subset of. And I would say that conservative philanthropy broadly construed is that philanthropy that seeks to understand, restate, and amplify the philosophic foundations of a free society and to ground social institutions, including traditional charitable ones on those principles. So the conservative movement philanthropy about which we're mostly talking here is about the ideas themselves, not necessarily those charitable institutions. In any event, these questions invite us to reflect on both the genesis of the modern conservative movement and its future and to reflect, as I think Jim's paper helps us to do, on the roots, context, and prospects for the renewal of conservative movement philanthropy.

The question of renewal is especially important because as both of our speakers have observed, one success of conservative movement philanthropy has been its diversification over the years. The indispensable visionaries—Volker, Olin, and Earhart—are long, or soon to be, gone. And

while stalwarts such as Bradley, Scaife, Koch, and many others are still with us, they are unable to fund from their coffers alone the annual budgetary requirements of the expansive institutional network of conservative think tanks, publications, academic centers, and similar initiatives that have grown up in the last 30 years or so.

As the founder of a relatively new think tank, I can testify to how difficult it is to attract funding today for something new in this domain. I lament the passing of the good old days that Bill has described, when a principled good will and a few phone calls could turn on a flow of funding for an important project. As Jim and Steve both suggested, the future of conservative philanthropy will increasingly depend upon a larger but more decentralized network of donors, and many of these donors are already learning to invoke the blessing of the conservative idol of “donor intent.” And I’ll come back to that point in just a moment.

The future of conservative philanthropy is also being shaped by non-conservative forces. Conservative donors have not been immune to pressures of professionalization. I would not be shocked, and Steve echoes the point here, that some conservative donors may even imitate their progressive counterparts with grant management systems in which values clarification, theories of social change, and process models are used. The growing likelihood of regulatory scrutiny has accelerated this trend, requiring now all nonprofit entities to create more detailed paper trails. Last, and definitely not least, conservative philanthropy has been seduced by what Thomas Bertonneau recently described with wonderful conservative aplomb as “the global apocalypse of total politicization and the outlawing of judgment.”

It’s on this latter problem that I want to concentrate the remainder of my remarks and I have two critical points to make. First of all, conservatism is *not* a coherent body of ideas. And secondly, despite its belief in its rectitude, conservative movement philanthropy has neither adequately defined nor necessarily improved American philanthropy as a whole.

Let me take up the first point. Jim has given us a quite helpful sketch of the phase shifts of the conservative movement since its emergence after World War II, but I want to add just a few nuances and caveats to the story line. The conservative movement is composed of a network of diverse people who found common cause primarily in their opposition to collectivism in general and their interest in communist containment and eradication in particular. Many participants in the early movement indeed rallied around the iconography of Hayek’s *The Road to Serfdom*, but it is a stretch to suggest that what came to be called conservatism in America coalesced into a coherent body of ideas.

It was in fact the potential incoherence, or at least the deep tensions that ran among the various strains of conservative thought that led Frank Meyer to set forth an argument for “fusionism” in an essay in *National Review* published almost 50 years ago today, September 25, 1962. Fusionism, most simply, tried to build a philosophical bridge between the partisans of virtue, the traditionalists, and the partisans of freedom, the libertarians. But it was a bridge that was constantly under raid by the parties it sought to unite. Not the least of these raids, coming before the bridge was even passable, was one launched by Hayek himself with his essay, “Why I am not a Conservative,” delivered at a Mont Pelerin Society meeting in 1957 and then published as the post-script to his book, [*The Constitution of Liberty*](#), in 1960.

The conservative movement was, from the outset, less a coherent set of ideas than a conversation that managed somehow to enact a microcosm the ideal of a classical liberal society. Conservatives never cohered; they rather oscillated around a core commitment to the liberal idea of civility that enabled people with different moral and philosophical values to work together toward sustaining America's distinctive market constitutional order. The best image I can think of was a caduceus. So with the snakes entwining, we might imagine a living caduceus, which became even more twisted when neoconservatives joined the conversation in earnest. I've tried to represent the outright cacophony this conversation could be at times in the chart on the handout I provided and it's a real mess but it's deliberately a real mess. I took Hayek's essay and tried to plot out his position on conservatism.

STEVEN TELES: It's like a logic model.

LENORE EALY: No, it's an illogic model actually. It's basically to point out what a mess it is and that you can't plot this stuff in any kind of linear fashion. The incorporation of neoconservative thought into the conservative movement, as Jim suggests in his original paper, was a key factor in the Reagan Revolution. This was the moment at which conservatism transformed from primarily a conversation about political philosophy, American history, and the culture of liberty but what Jim calls a "governing philosophy."

This brings me to my second point. Conservative philanthropy has, in the end, neither adequately defined nor made American philanthropy as a whole better. After Reagan many conservatives who had tasted the fruits of political success and found that they were sweet, could not, like Cincinnatus or George Washington, retire from public power, each to tend again his own vine and fig. By 1990, America was in the throes of a full-blown culture war, and there was plenty of work to do. But this culture war has not ceased, and alongside it American politics has become less and less a realm of civil discourse and responsible rhetoric and more and more a battleground over civil rights and public benefits. There is still much work to do. But can the conservative movement, on its current trajectory, do this work well?

The question I believe conservatives must answer is whether philanthropy is the pursuit of the public good, and thus ancillary to politics itself *or* whether philanthropy is the beneficent expression of our love for what it means to be human, and thus a decisively apolitical or pre-political *social* domain of human action.

What is the role of philanthropy in a free society? It is a question conservatives answer by mumbling about donor intent, civil society, and the inequity of the Ford Foundation. [LAUGHTER] We cannot answer this question at a deeper level than such sound bytes because we have failed to take a radical look at the nature of philanthropy and its institutions in order to understand its promise and its perils. Having the courage to examine more closely the relationship with philanthropy and freedom will likely require a renewal of the classical liberal strain of conservative thought. With Hayek and indeed with the American Founders, classical liberals hold that it is less important *who* governs than *what* government is allowed to do. The federal government in Washington was designed to exercise only a small number of delegated

powers, though it is often difficult to recall what this means living in the shadow of overlordship that Washington now casts.

Until the Tea Party's recent entrance stage right, the classical liberal star had been slowly eclipsed by conservatism's new "governing class." Unfortunately, this new governing class seemed all too willing to adopt the means of influence pioneered by their progressive liberal counterparts, including turning their philanthropy to ever more political ends. Even classical liberal donors such as the Kochs have not been immune for the temptations of politicized philanthropy. We wonder where the ghost of Buckley is when we need him, to stand athwart the 501(c)4s and yell, "STOP!"

Jim tells us in his paper that advocacy philanthropy was actually invented by the Left in the 1960's, especially in the vision of McGeorge Bundy who sought leverage for liberal ideas over the administrative and regulatory state. This was merely, however, the addition of a new play into what had been the progressive game plans since the era of Woodrow Wilson. In response, conservative movement philanthropy, which had intentionally been primarily a funder of research and ideas, did not shy away from developing its own methods of advancing its influence on government. Thus were born the think tanks that have drawn the envy of America liberalism, but may have also deflected conservatives from continuing to build the philosophy of freedom and to hone the arts of rhetoric and cultural persuasion.

"Compassionate conservatism," I said it [LAUGHTER], was clearly a phase born of seeming desperation to boost conservatism's reputation as a governing philosophy. Today's "bleeding heart libertarians" seem to be engaged in a similar sort of plea for respectability, at least among the liberal scholars who whisper into the ears of Washington bureaucrats, foundation program officers, and university administrators.

The things swallowed up by this cancer of the politics of governance, however, were often the very things that made American democracy work—a regard for human dignity that did not manifest in a utopian quest for social justice; a respect for accomplishment without envy; a conviction that power is never safe but is safer when it is dispersed throughout society rather than concentrated in anyone's hands; and a daily cultivation of habits of both civil association and economic cooperation by which Americans simply got things done without much resort to political power.

In the end, though we talked much about the need for civil society and philanthropy, conservatives have not succeeded in convincing the nonprofit sector that its role is not to be merely the implementing arm of welfare state policy or even the social entrepreneurs of new public-private partnerships. In casting civil society as a sphere of "mediating structures" that shield the individual from the weight of state power, modern conservatism has largely failed to rely upon and strengthen civil society as a viable route to self-governance by means other than politics.

Conservatism needs very much to play a role in politics but one focused on consistently reminding politicians and regulators and ourselves what the State is *not allowed* to do. But conservative philanthropy must not neglect its higher calling, which should be to help

philanthropic and civic associations take up their roles as constituting structures and the very workshops of freedom.

So what should conservative philanthropy look like in the future? If the promise that a free society might spring forth across Columbia from sea to shining sea is to be realized, conservative philanthropy will have to renew its philosophical roots and more. Conservatism will need to reclaim the reputation of individualists, who are not primarily atomistic anarchists, but persons who, have to come to know their own minds, are yet guided in their actions by a balance of epistemological humility and conscientious judgment. As Frank Meyer argued, “The person is the locus of virtue.” For Meyer, “A social order is a good social order to the degree that men live as free persons under conditions in which virtue can be freely realized, advanced, and perpetuated.”

So we need not proclaim ourselves people of compassion or bleeding hearts but must simply demonstrate our desire and capability of associating with and even helping others when such cooperation is a voluntary arrangement where the moral rules of reciprocity are operational. Living within and by the principles of a free society should be our first act of philanthropy. Helping others do the same should be our second.

Conservatism also needs to rethink the claims of politics. Here we might look to the words of British philosopher, Michael Oakeshott, who reminded us that we must avoid, especially in times of political crisis, the “temptation to believe in the overwhelmingly superior importance of political activity.” I have a few lines of Oakeshott I’d like to quote:

The work and protection is never of primary importance; and when, in times of political crisis, it appears to be so, that is merely because, in the absence or poverty of creative activity, protection has usurped the place of recreation. On occasion a society may be preserved and may survive by means of political action, but to make it live requires a social activity of a different and more radical character; and its life is as often threatened by political success as by political failure.

Finally, conservative donors will have to decide whether the ultimate end of philanthropy is to use our property to make people over in our own image, to require people to tow the line of the donor’s intent or whether philanthropy and civil society comprise a sphere of human action where we freely devote the best of ourselves to helping other people help themselves. Through our philanthropy we should be free to express our own substantive values. We should also be open, like the Good Samaritan, to allowing our philanthropy to take us out of ourselves into a sphere of disinterested identification with people who may be very strange to us. Like our actions in the marketplace, good philanthropy calls us both to know ourselves and to engage fairly with others. And it is through our successful interactions in civil society that we each grow in our capacities as free and responsible individuals.

So with the winds of statism still blowing strongly around us, a new generation must take up seriously Tocqueville’s challenge to Americans to understand and enact the science of human association or drift farther down the road to soft despotism. What we really need is a principled pragmatism of a sort. Conservative philanthropy will be both most conservative and most

philanthropic, not when it is a governing philosophy in search of a government, but when it is again a living and friendly persuasion of the heart, the mind, and the hands that embraces in full what it means to be human. Thank you. [APPLAUSE]

GARA LAMARCHE: Well, I'm a little dazzled by what's come before me today. Although I hang my hat in an academic institution, I'm not really a scholar, a historian, an economist, or a political scientist. I feel a little bit at this point in the program like my favorite Peanuts cartoon where Linus and Lucy and Charlie Brown are lying on the hillside looking at the clouds and someone says, what do you see in the clouds? And, you know, Linus says, 'I see the Michelangelo Sistine Chapel painting,' and Lucy says, 'I see the stoning of St. Stephen' and then Charlie Brown says, 'I was going to say I saw a ducky and horsy but I changed my mind.' [LAUGHTER] So on that note, we didn't until we met in the green room coming before here really kind of trade notes about what we were going to say and I think we're in a position of people wearing the same dress to the wedding and finding that out at the last minute before it's too difficult to change.

Although I think my assigned role here is, you know, indicated by Bill, to be the left plank as somebody who has spent a good part of the last 15 or 20 years in whatever path is progressive philanthropy or social justice philanthropy. But I actually would associate myself with a lot of what has been said and had largely the same critique. So I'm going to take about 10 minutes saying it in a different way and maybe I'll make a couple of different points.

I got an email the other day from a colleague, who is in the room actually, saying, 'I'm going to go see you at the Hudson Institute, so kick ass at the right wing foundation.' [LAUGHTER] And I said in all honesty that that was not what I was going to do because I've known Jim Piereson for a long time and I am a big admirer. We don't agree on much in the political realm, and I could say the same thing about Bill Schambra, who I've also had a long association with, but we agree very much on the kind of craft of philanthropy and the critique of philanthropy as is often practiced.

I came into philanthropy in the middle 1990's to establish for George Soros a US program, which I led for about 11 years before I went to Atlantic Philanthropies for the next five or so. And around the time I came into philanthropy there was a lot of soul searching about so called, "progressive philanthropy." You know, the Golden Era, which is not viewed as the Golden Era by some people, what McGeorge Bundy with Rockefeller and Carnegie all that we were doing in the 60's was long past and there was a sense that progressive philanthropy was really out of steam. You had the report from the National Committee on Responsive Philanthropy that Sally Covington I think did, and I'll get back to this in a minute, was properly criticized on some grounds, kind of crystallized for a lot of progressives the idea that the conservative foundations were kind of eating their lunch and then they were setting the terms of the debate in a way that the progressive foundations were not doing.

So looking to Olin and looking to Bradley, there was a challenge that was really layed down. There was a lot of discussion in progressive philanthropy about that, and as some have indicated, some people tried to rise to the challenge. It has certainly influenced a lot of what I thought about doing at the Open Society Institute. And having said that, I agree with Jim, and I want to

underscore, that I think the critique of conservative philanthropy as a nefarious evil empire, all that kind of stuff, has always been overblown. It is true that the combined assets and spending of the most prominent conservative philanthropies was always dwarfed by whatever means you might consider, than their progressive counterparts. Now another way of looking at that is that they got a much better bang for their buck than progressives did. They used their money better and I think the investment in ideas, for instance, was a very good use of the money and a very strategic use of the money.

I guess I'm now addressing myself to what I'm most familiar with, which is what you call the modern era of conservative philanthropy. Conservative philanthropy has never been as monolithic as people on my side like to make it out to be or a conspiracy. I totally concur with that. But what it has been, or at least in its Golden Period, is very effective at setting the terms of the debate and generating new debate and new policies on some of the areas that have been mentioned, whether it's welfare reform or criminal justice policy or the school voucher movement, and so on. And so I accept Jim's point about the hyperbolic nature of the left's critique of conservative philanthropy when it was in its heyday.

I want to go beyond that and say that one of the reasons I have always felt an affinity for a lot of Jim's thinking and Bill Schambra's thinking is that at its best I think when you talk about the method of conservative philanthropy, I've always felt there was a great deal to be learned from it in the following way. Conservative philanthropies at their best have tended to identify people doing good work and support them with general support, with multi-year support, and without a lot of the kind of hoo-ha about metrics that characterizes most other kinds of philanthropies. This is changing. This has been noted and I want to talk about that. So I've got a lot to learn from that. I've always thought it was very funny. I'll put it in a more humorous way or try to anyway.

I come out of progressive philanthropy and I've observed conservative philanthropy very closely. Years ago I was in a debate with Mike Joyce at the Philanthropy Roundtable about this topic and people seemed to appreciate this following kind of comparison. You know that movie Freaky Friday, the Disney movie where the mother and the daughter inhabit each other for a day. I think in the philanthropic realm, liberal and conservative foundations kind of trade places in their approach to philanthropy. So if you look at liberal foundations, there are certain policies that they are supposed to believe in. Or if you look at conservative foundations, they are all supposed to be about people pulling themselves up by the boot straps and welfare cuts. Individualism rules the day and a very tough love kind of approach in the social sphere if you're talking about criminal justice. In the philanthropic sphere, they kind of trade places with liberals. They believe that permanent entitlement exists. [LAUGHTER] There are no rigorous requirements or metrics or anything like that. They are really very happy to write a check and to let people do as they wish. I'm overstating it slightly.

Liberals, on the other hand, in the larger society think differently about how you treat social problems. However, in their philanthropic practices, they act the same way that conservatives treat social problems. They cut off grantees after three years; there's no chance of renewal, all those types of policies. So there is a kind of trading places thing.

I think that the best of philanthropies from both sides have the kind of approach to the work that has been described a little bit earlier here. That is, you identify good people doing good work. It's not that you don't hold them accountable in a sense but you fund them because you think they are advancing the kinds of change you want to see in the world and you give them the room to do that. And part of the room to do that means the kind of patient investment that was referred to earlier. If you look at the portfolio of the Olin Foundation over a number of years, you wouldn't see a huge amount of change from year to year in the body of people who were being supported. I just looked last night, because I'm a little rusty about contemporary conservative philanthropy, at the Bradley Foundation's website and I think I saw the same kind of thing. That is that you identify people that you're partners in a shared vision of the way things should go and you support them over a period of years to do so. That has not been the practice of most progressive foundations and we can learn a lot from conservative foundations.

Also admirable is the risk taking, at least at its best. The early work on school vouchers in Wisconsin by the Bradley Foundation or issues like that that were up against a considerable tide. And I'm not saying this as an admirer of the policy, but I'm saying it as an admirer of an approach to philanthropy and social change. These early battles were taken on when the prevailing winds were very much contrary and you had to have an appetite for risk to take a long-term view of what might happen. So I wanted to make that nod to conservative philanthropy.

I also want to say that I very much agree that at its best conservative philanthropy, and it's interesting how we're talking it in the past tense here and we'll get to that, has been fundamentally about ideas. You think of the way the Manhattan Institute, through a series of lunchtime forums like this, gathering people, just like at Hudson's Bradley Center, not only like-minded people but people who might challenge and push, laid the groundwork for a lot of the ideas that animated the early years of the Giuliani Administration in New York, the Heritage Foundation and its influence on the Reagan agenda has been often noted, the Federalist Society and the way it helped reshape the notion of what the judiciary and what the court should do, what lawyers should do. Very, very effective. Such to the point that in my own philanthropic career, and Mark Schnader who was my colleague at Open Society when I was there would recall this, we did our best to create institutions to respond to that, like the American Constitution Society because the intellectual ground had been ceded to the right.

It's still the case, I would say, having spent 15 or 20 years on the progressive side of philanthropy, but by and large, there is a lot of more discussion of ideas and philosophy and reference to philosophy, I mean we could have made a drinking game out of the invocation of Hayek and so on today. [LAUGHTER] But, you know, I've heard philosophers invoked more in any luncheons at the Hudson Institute than in the Council on Foundations meetings that I've ever been to or any internal discussion. With the exception actually of my former employer, George Soros, who is a person of ideas and cares a lot about changing the discourse.

Earlier when I heard what Lenore was saying, that it was less about coherence of ideas than about a conversation, it reminded me of the way Soros thought about things. This is not his image partly because at a certain point he decided that politics was more attractive than philanthropy, so like the Koch brothers he went in that direction. I don't think he has ever quite

recovered from it. But George at his best, his foundation, the Open Society Institute, is premised on the thinking of Karl Popper, who is very influential to him. It captures G.K. Chesterton's quote that Buddhism "is not a creed, it is a doubt." It was all about the doubt. So there has been a lot more discussion of philosophy on the right than there has been on the left over many years.

Up till now, I don't think I've said very much different than any of my fellow panelists. I do want to conclude with a couple of other thoughts. I was going to say before, until people with more standing than I said it, that I think conservative philanthropy is not in its finest moment. It has run out of steam a bit for a variety of reasons, but part of that is because it has succumbed increasingly to the siren's song of practical efforts and metrics and all that. And people who know my views on this, which are a little more nuanced than I'm indicating right now, know that I've been a critic of mainstream philanthropy over its reliance on metrics and the over reliance on a "what works approach" to philanthropy.

The problem with the "what works approach" to philanthropy is that very often it doesn't have a set of beliefs or ideology at its core. An ideology can be carried too far but it's useful to know how you think about the world and how you approach the world. People say that there is no liberal or conservative way to pick up the garbage, but the fact is that ideology and philosophy matters. And I think philanthropy across the spectrum has largely gotten away from that and the pragmatic problem solving approach to philanthropy has taken over a lot of the more centrist or progressive foundations.

I see a lot of that when I go to the Philanthropy Roundtable, which I'm an admirer of. I've always gotten a lot more out of Philanthropy Roundtable meetings than most other philanthropic gatherings, partly because they were open to contrary points of view and having people like me there and partly because they often address themselves to the practical challenges of philanthropy. However there is a cost to that and I think you're seeing it in the lifecycle of conservative philanthropy right now. I also think that quite a part from the increasing move in that direction that, if this provoked a vigorous counter response I'd be happy to have it. I don't see very much on the ideas front coming out of conservative philanthropy at the moment. It's kind of coasting off the fumes of the ideas from 25 years ago. I think that part of that problem is that to the extent that conservative thinking and conservative philanthropy has become fused with conservative government, such as we've had, there is a thick amount of buyer's remorse about foreign policy and about economic policy.

I also don't think conservative philanthropy has very much to say, frankly, about the changing demographics of the country. I don't think they have good answers to that. There is a lot of kind of snide critique of identity politics and affirmative action and all that. But, you know, it is not a very racially diverse movement. I looked at the board of the Bradley Foundation when I happened to go on their website, and while there's an African-American man on it, he's one of eight or ten men who are older than I am, which is to say I'm getting up there. [LAUGHTER] And I don't think the arguments claiming that conservatives can do a better job of acting in the interest of minorities and women than the left can, whatever you think about its merits, has had any real traction. I think that it's a dangerous time for the conservative movement and conservative philanthropy, as well as for conservative politics. So I think that too much of a

move in a pragmatic direction is to the detriment of what made conservative philanthropy most effective, which is a focus on ideas in the long term.

I'll end there, except to say a couple of things. I wasn't invited to the social justice philanthropy discussion so I could have said this in that context and had my own kind of Sister Souljah moment. [LAUGHTER] But I think that I'm not sure that the other side of the spectrum is any better off, but that is a different conversation from the one that we came here to have today. And one of the things that I most appreciate about Bradley Center in general, but also particularly Lenore's and Jim's comments today, is that there is a candor and a self-criticism that I don't see too often in philanthropy on the whole and that I don't see that often on my side of the spectrum. That is both refreshing but also the only way that you'll have an honest conversation; taking a step back and looking at what you're doing with some candor and some honesty is the only way obviously to get to a better place. So thank you for inviting me. [APPLAUSE]

WILLIAM SCHAMBRA: Thank you very much. Before we get to the Q&A, there is a surprising consistency of sentiment here. And that is that conservative philanthropy has retreated from the realm of ideas and has become increasingly engaged in the world of politics. We can all point to various conservative funders who have engaged and championed that sort of movement among conservatives. Gara seems to suggest that conservatism is intellectually exhausted, independently of the lure of politics. Others, Lenore I think to some degree, Steve perhaps, you tend to think that it's not so much the push of intellectual exhaustion as it is the draw of governing, the draw of politics, of political engagement.

So are there conservative ideas? If a donor today was to listen to you guys and say, 'Gee, you're right. We need to focus less on surreptitious funding of C-4 activity,' which you know all is going on, 'and we need to fund more on intellectual engagement.' Are there ideas? Are there a set of ideas out there waiting for development? Lenore, you sort of sketched out, and it was a terrific presentation of a very difficult and subtle point, but maybe you can speak to this.

LENORE EALY: Thank you. I think conservatism has rested on its laurels a bit, but I don't think there is a paucity of ideas. There is an abundance of ideas but you have to continually renew ideas. And a big focus of conservative philanthropy in the last 25 years has been academic institutional reform. To a certain extent that has been about taking a set of ideas and making sure that those ideas are not lost in those institutions, so it's been attentive to centers where you're educating and exposing students to those ideas. But the flip side of that is also to fund, as the early phase did, the scholars themselves. So the Volker Fund philanthropy was very focused on people, and not so much on, as you mentioned at the end of your talk, on universities and such.

STEVEN TELES: People in universities.

LENORE EALY: And that's a very specific difference that I think we have to push on a little bit, focused on the people. I've got a paper coming out in December in the *Independent Review* on this very point about the relationship of the early Volker, Earhart type of funding to the universities themselves. And that has changed in this more modern phase of philanthropy, which has tried to undertake institutional reform. The early guys would have said, 'No, we'll compete with them.' It is hard to start a bunch of new universities when you're not very well funded. But

that is an important point to make but I mean we are riding on the shoulders of the giants like Hayek and other neoconservative thinkers.

I'm not a historical determinist by any means but I think that there are certain periods of time, coming off of World War II and communism and the reaction to the welfare state, when there is an opportunity for big ideas to emerge because historical continuancy calls for big ideas. So maybe we are at the end of a period where everybody needs to renew some thinking and I see this with this situation in politics now. We have to support those individuals again, which is why I say we need to come back to the classical liberal framework.

STEVEN TELES: Yes, as I characterize it, the foreshortening of time horizons, which is I think you can see as a long-term trend, right? In part that comes from the thinking of the political economy between funders and organizations. When you have got a relatively small number of organizations there is a lot of opportunity for the extraction of rent on the part of the organizations. They can do whatever they want because they can say that there is only so many of us. We're the only game in town and you might want us to be going and doing hardball politics or whatever it is, but, you know, take it or leave it. We're the only AEI and if you can find another AEI, then you can give them some money and see how that works out for you. But there are a lot of games in town now, right? If you want to actually get something much sooner it is a lot easier to do that.

So there may have been people in conservative philanthropy who are uncomfortable with the fact that people were were doing these much longer-term things but that was the nature of the organizations. So in some sense, conservatives have been the victim of their own promiscuous organization building, which is now they're in a situation where they are all competing with each other for donors who would like to actually see measurable results. Again, I think as the founders of the Volker Fund knew, the only way to get those measurable results is to foreshorten your time horizon.

So I think I actually have something that is much more structural explanation for why you see this gradual trend toward politics. I think it's both that and it is this belief that there really is this moment when liberalism might be defeated; when there is this battle where you'd really be able to defeat them. That was not something that Hayek era people believed. They had a belief of where they were in history that is very different than the people who are funding Americans for Prosperity have.

WILLIAM SCHAMBRA: Jim, if you could, just in picking up on this conversation. You wrote just a wonderful piece in the *New Criterion* titled, "[Future tense, X: The fourth revolution.](#)" And one would read that piece if one were a conservative donor interested in practical guidance about what one might do. One would read that piece and kind of despair, right, about it because conservatives have turned to politics, have lunged for the kill, in Steve's formulation. And we failed in both sides. We're sort of now engaged in this titanic political struggle in a very uncivil and highly politicized way. We have thrown our institutions wholeheartedly into this struggle. We have transformed the nature of many of these.

I was talking to a think tank president a few years ago who wanted to know what he should say to the donor who wanted him to start buying billboards. I mean that is the degree to which we've kind of shifted politics. But, Jim, in that piece in the *New Criterion*, you seem to suggest that a struggle is underway and we really just don't know what is going to come out of it. And what should a donor do in light of that kind of yawning darkness, just the other side of this irresolvable titanic struggle we're engaged in? And too, which we've committed all of our institutions.

JAMES PIERESON: The thesis of my article was basically this. The United States has gone through three upheavals in its past, which have basically structured its politics and its political economy as it were. This was the Jeffersonian Revolution of 1800, Lincoln's Revolution of 1860 and the Civil War, and FDR's Revolution of 1932. It was somewhat schematic that piece.

It suggested a few themes through there. These things occur every 60 or 70 years. They are driven forward by what I call a "regime party." Jefferson's party, Lincoln's party, and FDR's party that dominated the system and made those revolutions happen, they structured the politics of the era. And these things exhaust themselves over a period of time, generally a lifetime. As they come undone, we typically have an upheaval which I call "surrogates for revolution" in the American system. The historians have used that term. So that the Civil War and the New Deal periods were a time when all these things were shaken up and reestablished.

So I tried to suggest there that with the financial crisis and so on that the New Deal, post-World War II structure has exhausted itself. The main reason is because the country has made all sorts of public promises that it can never afford to pay for. And when that reality dawns on people, there will be a kind of upheaval to restructure the system. I said this situation seems to be headed toward some kind of a point of crisis. I couldn't really see where it would happen or predict the outcome or anything like that. But my suggestion was that this New Deal cycle, post-WWII cycle, is ending.

I ended the paper with the thought that if there is a third chapter to be written in conservative philanthropy, it might be written out as this upheaval takes place through which we reshape our government, the political parties, the relationship between them, and the coalitions become reshaped in that process. It's as Steve said, somewhat through a glass darkly, but that was kind of what I suggested.

So if there's something that donors can do, that is a harder question because I couldn't see very far into it. If there is any plea, again it's something of a plea for big ideas. If I'm right, and I may not be, we have been in what might be called a period of normal politics, normal policymaking for a period of time, which it may not be appropriate to the era that we're entering.

WILLIAM SCHAMBRA: Thank you. Let's go to the audience for questions. We have 20 minutes for Q&A.

Q: Kim Dennis with the Searle Freedom Trust. We don't do any metrics. [LAUGHTER] I was trained by Jim. I do wonder if part of the shifts that we're seeing in conservative philanthropy have something to do with the fact that conservatives feel less like they're reacting to liberals

right now than to a dominant political environment that is really more progressive and maybe even somewhat radically progressive in some ways. And so it might explain why the neocons aren't so influential anymore. If what they did was sort of try and capture the goals of liberalism but pursue them that in different ways. If it's not liberalism anymore that we're trying to challenge them, maybe that made them less relevant.

And I guess it actually leads me to, even though we don't do this, to a defense of politicized philanthropy and what the Koch's are doing and encouraging. It's that I think there is a sense out there that our basic liberties are being threatened in such a way that the kind of civil society you talk about, Lenore, while it may be a wonderful ideal, we can't even begin to practice that if you can't have a bake sale without regulators coming in and telling you what kind of ovens your cupcakes have to be cooked in or something like that. So I think some of this is motivated by a real sense of urgency that we don't have the luxury to think about big ideas because we're too threatened right now. I'm curious what you guys would say.

STEVEN TELES: It may be that both Gara and I will simply respond by saying, and again with all of the good will I know you have, I simply don't know what you're talking about. I think there are really major threats that I consider to be against liberty, but they are coming less out of any organized radical movement. And, again, I simply cannot see the Obama presidency that way. Your mileage may differ. But the thing I would say is actually I think if there's a way of crawling up out of this into some new kind of alignment, it may be that that will come from the whole set of issues in which a desire for liberty and a desire for equality actually go together.

I could come up with a pretty nontrivial set of issues like that. I'm doing work on prison reform now and that is actually a huge area when you think about how many people we have under lock and key. It has enormous consequences for racial inequality, for the growth of the scope and reach of the state. That is a big issue, right? When I think about the growth of licensing at the local level, which again sounds like one of those like wonky issues but it's enormous. You think of the enormous consequences it has for market entry, especially for people without substantial resources.

I don't think of that as having anything to do with any kind of liberalism. I could theory adjust this all I want and I'm not going to see an argument for that extraordinary kind of licensing, right? The difficulty of doing substantial building in cities, which makes it very hard for them to become more dense. There is a huge set of issues like that that actually are right at the intersection of egalitarianism and liberalism and I think those are actually issues in which philanthropy can do an enormous work.

I think philanthropy is usually the least helpful when there is just a big arms struggle and both sides are already armed up and the philanthropists sort of throw a few bullets in, right? I mean where they're most useful is where there is flux in which people haven't quite figured out what the actual ideological coloring of an issue is. Charter schools were a great example of that because there was real ambivalence. Now you add up enough of those things and you've got something that is more than just issue specific activity. It could or maybe not will be the real alignment of a political system. But that's something where philanthropists can do an enormous amount of work without just signing up for one team or the other.

WILLIAM SCHAMBRA: Gara, do you know what Kim is talking about?

GARA LAMARCHE: No, but I don't want to belabor the point. I mean, Steven had it right. At least that was my reaction. I guess if I had to critique philanthropy generally on the question of engagement in politics, let me use Soros again as an example. I'm not in a position to speak for Soros anymore or ever was really. But in 2003, 2004 there were several issues that he cared about, such as a certain kind of social welfare state and a kind of a foreign policy that was different than the one we were pursuing after 9/11. He spent hundreds of million dollars in his philanthropy. A lot of money.

He spent less on politics, but he still spent a lot on politics. He spent more on politics than the Bradley Foundation spends in a year on everything that it does. And he came to feel, and I wasn't involved in it because we had a kind of a wall in the foundation, that if he could just get rid of Bush a lot would happen. He would get a better return on his investment and he didn't. Although, one could argue that the four years later the world came around more to his point of view, but he's not, as you may have read, that involved in politics anymore.

Soros at his core is actually about critique, about open society, and about independence from government. He is more concerned about, for instance, the national security policies under both Bush and Obama. I've been involved in a fair amount of work by both his staff and at Atlantic, that in a sense, was about pushing one team. A lot of people in this room may not agree with it, but the social safety net should also include universal health care. We put a lot of money into trying to help get universal healthcare. I don't regret that but when you look at Obama and you look at drone strikes or any number of things. I don't even like the things that most conservatives like about it. The school stuff is what I least like.

So it seems to me that the job of a kind of progressive philanthropy is more valuable in holding to account and challenging your own side than it is to be a cheerleader for it. I think the general trend in American life at all levels is that everybody is dividing up into teams. That is why when Steven and I say, 'I'm a moderate fan of Obama but I don't recognize the Obama who has got the Heritage Foundation's health care policy and the Bush Administration's national security policies.' I just don't get it and it's only explainable by this notion that you just have to line up. I see it to some extent in the way the left looks at Romney or anybody else who happens to be in that place.

So philanthropy, if it's anything, ought to be a civil society institution that is independent of that. And I think to the extent that on both sides, I'm not usually a big fan of 'a pox on both their houses,' but I think there is a forward quality that often the news media has. But for these purposes, I think that you guys would be better off being independent of your leaders and pushing them and critiquing them. And we would be better off that way off too.

WILLIAM SCHAMBRA: George Soros certainly understood what Kim is talking about because that's the way he felt in 2004---

GARA LAMARCHE: Well, the difference is he was right. [LAUGHTER] But no, he did. But the thing is that I don't know what Soros thinks about what he did in 2003. I know he doesn't seem to think anymore that political investment is the most enduring way to make an impact. He does believe in the civil society organizations in Eastern Europe that are independent of the government. So when somebody says to me that the price is from Obama is so great that we have to suspend normal civil, I can't go there. I just can't.

JAMES PIERESON: Yes, it's interesting. I think it was Antony Fisher who went to Hayek to ask him how he should proceed to implement and defend his ideas, because he wanted to run for parliament. Hayek said don't go into parliament, instead start a think tank and get the ideas going. So Hayek sympathized with this idea that you're articulating.

Now I do have a sense of what Kim is thinking about because I generally agree with it. Conservatives have been saying for a long time and have been concerned for a long time about what you might call the politicization of civil society. That would be higher education, politicizing family life, politicizing cultural life. They don't think that they have been responsible for this. But this has been a theme in conservative thought since the 60's or 70's, that the growth of the state has led to the politicization of all these institutions that should be independent of the state.

I agree that they have not succeeded very well in halting this tide. To some extent one might say there is a kind of irresistible force for the state pressing itself forward. I mean, you had FDR saying that he couldn't imagine that there could be public sector unionism, but today public sector unions dominate the Democratic Party. And when citizens look at government, they're not looking at public spirited citizens serving in the public interest. They are looking at Democrats by and large in most places. So there is a significant consequence to partisanizing government, which by and large I think has been accomplished over these past 30 years.

And this is the kind of thing that people like the Kochs and what Kim is talking about. It is a matter of grave concern for the health of our polity and the future of our politics. I certainly share that idea. And so this is the kind of concern that is not made up out of whole cloth but in my opinion is something that is very real.

Q: Scott Walter, Capital Research Center and I actually have a question for Jim but I can't let something Mr. Teles said go unresponded to because Kim is precisely right. There are many small churches and small charities all over America. I used to go to one that literally feeds the hungry. They give food away. They have meals. And a significant new regulation is that only food that is prepared at *that* facility which is professionally inspected by proper government regulatory inspectors may be served to the poor and hungry and, of course, in a lot of these cases you have little old ladies who can struggle around their kitchen and make food but they can't come down there in a big busy commercial kitchen and prepare it. So they are literally being disallowed by government regulators from feeding the hungry. Second, a quick thing is the HHS mandates trampling of religious liberty. That is something that would be very hard to find a precedent for in American history. So put me on Kim's side on this one.

But my real question is for Jim and it grows out of Lenore remarks, whose account I would tweak slightly the way she tweaked Jim's. I think you're a little too hard on compassionate conservatism. There are a lot of cheesy political consultants who just like that as a slogan because you need a soft conservative or a hard liberal to get elected. However the man who coined it was Marvin Olasky and he certainly knows, understands, and upholds the kind of thing you are pushing for. And George W. Bush, for all his imperfections, and the imperfections of his administration take a tiny part of the blame. I'm not saying they carried it out well but they were serious about it.

Then conversely, I think you are a little too easy on the Hayekians because as Jim points out, the neos brought things like religion, the arts, and culture. Those things matter too and you don't find much of those in Ludwig von Mises's *Human Action* or Hayek's *Constitution of Liberty*. So a synthesis of the two may be what's needed.

I wanted to ask Jim to maybe talk a little bit about his time as the head of the Olin Foundation and now at the Simon Foundation. At least from the outside, it would look like the Simon Foundation carries forward a little of Olin's work and this kind of intellectual grantees but, on the other hand, it also does a whole lot of the local practical work of helping the needy. And I'd be fascinated to hear your thoughts on the comparison of the two.

JAMES PIERESON: Well, thank you, Scott. Yes, that is true. The Olin Foundation was a foundation of ideas and the Simon Foundation does a lot of Catholic education, charter schools, and scholarships and mentoring programs for intercity kids. Its mantra is helping people to help themselves. Simon liked that from Andrew Carnegie.

It's interesting. Simon was a very flinty and hard-nosed investment guy but he did set up a family foundation. The Olin Foundation was not a family foundation. Typically you can have a foundation of ideas with a real purpose, that's typically not a family foundation. We know that families don't agree on these matters. Or you can have a family foundation that does other things. So Simon said he wanted to have what he called a feel good foundation. And if anybody knew Simon [LAUGHTER], they would say this is a grave paradox. [LAUGHTER] But anyway, you're right, Scott. That is what we do and we try to do that as well as we can. That was the mission he left us with.

LENORE EALY: Scott, I think the problem with the compassionate conservatism is the very use of partisan politics to defend what are natural human virtues at that level. Why do we look to Papa Bush or Papa Obama? When America looks to Washington to learn how to be compassionate, we've already forgotten what it means to be Americans. That's my problem with needing a phrase like compassionate conservatism as something to give your party respectability. It is we've already forgotten how to associate.

If you go back and look at your Tocqueville, when he comes to America what he notices is that people associated and worked together. He says in France that would never have happened. They looked to their administrators to figure out how to solve their problems. And I think that is the inversion that we're seeing. We look to Washington. We send all our money to Washington and that was Woodrow Wilson's game plan. Let's create an administrative state around progressive

politics. Liberal politics are just as hostage to the regulatory state, the administrative state. They may have more partisans in those positions because as I was trying to argue, conservatives have a philosophy of self-governance, not a philosophy of how to govern others. So that's my problem.

Q: Thank you, Victor Stone. I wonder about your opinion, if I may, on my thought that perhaps the reason that so much money has gone into political battles is because the federal government and the state governments, but particularly the federal government, is spending so much money. It has so many employees that it's not like there is a status quo while you throw ideas out there. This enormous ball rolling down the mountain and so both sides want to get some control of it before their idea is lost forever. I think for a while charter schools almost got lost in that. There are a lot of ideas that almost got lost as this huge ball and lots of salaries which fund other contributions from individuals goes rolling down the mountain. And so it seems to me that it's not at all illogical to say that as government got huge after the 60's and 70's, spending money not just on the ideas but having some say in whether the ball rolls straight or veered off to one side was not improbable or unusual.

WILLIAM SCHAMBRA: Along those lines, and this will have to be our last set of responses, but Lenore's point about compassionate conservatism in this debate, it wasn't Bush that politicized civil society. Rather these little civil society institutes, as Scott was pointing out, are politicized by a government that was trying to regulate them out of existence or at least to make their life extremely difficult. And in the course of building a regulatory apparatus that was increasingly intrusive, and Bush's point was that we needed to protect those little institutions. It came up in his case, as it often does, out of a very deep personal experience. For him it was his experience as a reformed alcoholic. He discovered that in those small programs, in the 12 step program, which is avidly apolitical, that that was an essential piece of civil society that could be very helpful. But anyway, responses to this question and then we'll ---

GARA LAMARCHE: Yes, I'm inclined to see it a little bit more in normal patronage terms, that the Republicans get their crack and the Democrats get their crack. And I think you're a little more charitable to Bush's impulses than I would be. But I think on the question of trying to influence the flow of government money, if you're progressive, and I'm collapsing a lot of nuances here, you generally believe that government through democratic processes and tax expenditures ought to be responsible for a safety net below the people who need it most.

And by the way, I would not accept the notion that progressives are any less civically engaged in that way. You have all the black churches and all kinds of institutions which generally vote in a progressive way and favor bigger government. So there's not inconsistency between people running a soup kitchen or trying to help their neighbor and also believing that the government ought to provide health insurance and so on. Now we have some serious disagreements philosophically about some of that stuff that can't help but come out in this conversation, but I don't think it's a question of progressives wanting the government to do everything so they have no connection to their community. It's not that way at all. Sometimes people lived experience with community problems leads them to wish to shake off and be totally independent and sometimes it leads them in a different direction.

The problem I have with a lot of conservatives is that they are all for the will of the people, the voice of the people, unless what the people want is more government, which is often what they actually do want. So I think there is a consistency, philosophically anyway, with my approach to philanthropy, which is a lot of what we did was recognize that for some of the most fundamental things, which obviously include defense and security but I also think include a lot of social safety net things, that what you can accomplish through a Democratically-controlled government is a great deal more, for instance what was accomplished through some aspects of the stimulus program or healthcare, than all the philanthropic and charitable dollars in the world added up could do. So, yes, we would like to use our money to leverage, to use a very philanthropic kind of term, to leverage those larger flows of money.

STEVEN TELES: I want to make one point that we never really got into. It was a distinctive part of both modern and classical forms of philanthropy, which is the relationship to grantees. I think actually again going through Jim's file cabinet, was really more of a relationship of solidarity, right? Now there have been a lot of trends that go by that are about reimagining the relationship between the grantee and the foundation as a contractual relationship. I'm buying something. You're going to deliver this and then I'm going to measure you and figure out whether you delivered it. And that's a very different relationship than a solidarity relationship where you say that they're doing good work that you believe in, and that you're partners in that work. You're part of the same movement. And that really was the relationship that characterized the modern period and that is exactly what is in danger when you start incorporating these models and metrics which carry with them a contractual kind of relationship.

The only other point I would say is that a lot of the things that you critique and that I also am not in favor of are the unintended consequence of pushing government activism into highly indirect roundabout kinds of ways. So all the difficulties that have been associated with Catholic institutions and whether there's a mandate to provide abortion are all a consequence of working through this weird cludgey system of trying to get healthcare by mandating organizations. So then you have to stipulate, well what it is that you're mandating? And that has to include something and it's either going to include these things or it's not. If you simply had a single payer system you wouldn't have that. A lot of these huge regulatory complications come from trying to actually produce very large government outcomes with very complicated indirect kind of ways. In lots of cases, what would be better for liberty would be much larger spending programs, but if they were much more direct in going at their object rather than ones who are trying to squeeze a huge amount of government activism out of a small amount of dollars. And the only thing that solves that equation is a lot of regulations.

LENORE EALY: So we're going to voucherize everything?

STEVEN TELES: I'm not entirely against that.

LENORE EALY: Okay, we might find some agreement there.

JAMES PIERESON: Let me very quickly respond to this. I think this point is exactly right. This is a problem of the Hayek strategy of working to the next generation. By the time you get there, the ball has moved so far that you're further behind than when you started. The stimulus is about

\$400 billion per year, \$800 billion over two years. I believe that the total charitable giving in the United States in a single year is far less than a hundred billion dollars. So if this is the point that Gara was making, yes, government in its spending totally dwarfs charitable giving.

It is interesting that when the government got into this business, the federal government organized itself like a big foundation. In other words, it makes grants. It makes grants to all these subsidiary units and tries to control them through this grant making process. This is one of the reasons why we have this sludgy process and results because all of this has to be done indirectly through this grantmaking process.

WILLIAM SCHAMBRA: All right. Let's give our panel a hand. [APPLAUSE]