



Andrew L. Williams* and Dana R. H. Doan

Independent Sector: Preserving the Status Quo?

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Abstract: In October of 1978, a committee met to explore the possibility of a merger between the National Council on Philanthropy (NCOP) and the Coalition of National Voluntary Organizations (CONVO). The vision was more than the mere marriage of two small organizations facing uncertain futures. Participants in this endeavor dreamed of an entity that would represent the entire nonprofit sector. The organization they birthed in 1979, Independent Sector (IS), was a meaningful step forward in unifying the sector. The IS board represented a broad range of sub-sectors and causes and also made strides in gender and, to a lesser extent, racial and religious diversity. Yet, there was an inherent tension in the project. Yes, it was true that people did not want to “interfere with pluralism” but they also wanted “a strong voice” to champion the sector—those involved called this dilemma a “persistent contradiction.” The tension was resolved in favor of the concerns of the powerful national non-profit institutions and foundations: tax policy, government relations, and sector advocacy. That is, the umbrella organization acted principally to preserve the sector, as constituted, and had little appetite for structural reform or discussion of competing notions of “the good” within the sector. Critics pointed to the exclusion of local organizations fighting issues that challenged societal injustice and inequitable distribution of power and resources. To them, and in retrospect to the authors of this paper, greater sector “unity” entailed consolidation of traditional power and continued marginalization of communities already on the periphery. Though four decades have passed, the same tension remains in the philanthropic sector. Contest and division between various interests and constituencies is as evident now as it was then. Enthusiastic support for the advancement of public goods often over-shadows issues of power—including the ability to impose one’s own definition of the public good on others. This critique has been leveled forcefully in recent years. Is it possible or even desirable to seek greater unity for the public good? Whose voices are privileged in the quest for

*Corresponding author: Andrew L. Williams, Indiana University Lilly Family School of Philanthropy, IUPUI, Indianapolis, USA, E-mail: andylwilliams@gmail.com

Dana R. H. Doan, Indiana University Lilly Family School of Philanthropy, IUPUI, Indianapolis, USA

greater sectoral unity? These are the questions this paper aspires to provoke and inform by examining the founding of the first major nonprofit sector association in the United States.

Keywords: diversity, nonprofit sector, pluralism, power, representation

1 Introduction

In October of 1978, a committee met to explore the possibility of a merger between the National Council on Philanthropy (NCOP) and the Coalition of National Voluntary Organizations (CONVO). The vision was more than the mere marriage of two small organizations facing uncertain futures. Participants in this endeavor dreamed of an entity that would represent the entire nonprofit sector. The organization they birthed in 1979, Independent Sector (IS), was a meaningful step forward in unifying the sector. Its inaugural board of directors represented a broad range of sub-sectors and causes, and it also contained relative gender and, to a lesser extent, racial and religious diversity.

Yet, an inherent tension existed in the project. Those involved in the founding of IS did not want to “interfere with pluralism” in philanthropy, but they desired “a strong voice” to champion the sector—they called this dilemma a “persistent contradiction.”¹ In addition, because of a perception of existential crisis in private philanthropy the formation of IS—including items such as its name, board composition, membership criteria, and initial emphasis—was defensive and aimed at protecting the nonprofit sector as it currently existed. Critics of this posture pointed to the continued outsized influence of moneyed foundations and large nonprofits in the structure of IS. They descried and warned against the exclusion of local organizations and their more peripheral constituencies, many of whom were fighting societal injustices and inequitable distribution of power and resources. To these dissenting voices, and in retrospect to the authors of this paper, greater sector unity largely entailed consolidation of existing power and preservation of the status quo.

Though four decades have passed, the same tension remains in the philanthropic sector. Contest and division between various interests and constituencies is as evident now as it was then. Enthusiastic support for the advancement of public goods often over-shadows issues of power—including the ability to impose one’s own definition of the public good on others. This critique has been leveled

¹ “Minutes of the First Meeting of the Organizing Committee” 19 October 1978. Box 4/Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

forcefully in recent years.² Is there a way out of the dilemma for the sector? Is it possible or even desirable to seek greater unity for the public good? Or perhaps, a better question is: what does greater cohesion accomplish? Whose voices are privileged in the quest for greater sectoral unity? These are the questions this paper aspires to provoke and inform by examining the founding of the first major nonprofit sector association in the United States.

2 “Crisis in Philanthropy”

On the one hand, the philanthropic sector in the United States grew tremendously in the post-World War II era. Peter Dobkin Hall reports the growth of charitable tax-exempt organizations from approximately 12,000 in 1940 to 600,000 by the mid-1970s.³ In retrospect, the age of “third-party government” was well on its way even before the federal budget cuts and social-service outsourcing of the Reagan administration in the 1980s. On the other hand, the 1970s was a time of deep anxiety in the minds of many foundation and nonprofit leaders. The decade began on the heels of the Tax Reform Act of 1969, whose philanthropic accountability measures were viewed by major foundations (e.g. Carnegie, Ford, and Rockefeller) as a threat to pluralism and charitable giving; and the 1970s came to an end during a period of profound national and economic uncertainty.⁴ To borrow from Jimmy Carter’s infamous “malaise” speech (1979), “a crisis of confidence” permeated much of American society, including the philanthropic sector.

Several issues of the official NCOP newsletter, “A Voice for Philanthropy,” expressed deep concern over the economy and its impact on philanthropic activity. For example, the February 1975 issue discussed “fiscal malaise” and quotes *Change Magazine* as saying, “crisis in philanthropy throws into serious question

² Kristin Goss, “Policy Plutocrats: How America’s Wealthy Influence Governance,” *Political Science & Politics*, 49, no. 3 (2016), 442–448; Megan Tompkins-Stange, *Policy Patrons: Philanthropy, Education Reform, and the Politics of Influence* (Cambridge, Massachusetts: Harvard Education Press, 2016); Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World*, 1st ed (New York: Knopf, 2018); Rob Reich, *Just Giving: Why Philanthropy Is Failing Democracy and How It Can Do Better* (Princeton, New Jersey: Princeton University Press, 2018); Edgar Villanueva, *Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance* (Oakland, CA: Berrett-Koehler Publishers, 2018).

³ Peter Dobkin Hall, “The Welfare State,” in *Charity, Philanthropy, and Civil Society in American History*, ed. Lawrence J. Friedman and Mark D. McGarvie (Cambridge, UK: Cambridge University Press, 2002), 363–364.

⁴ Peter Dobkin Hall, *Inventing the Nonprofit Sector* (Baltimore: The Johns Hopkins University Press, 1992), 73.

the strong American tradition of private voluntarism.”⁵ The same newsletter issue also covered what may have been viewed at the time as an even greater threat: the impact of tax policy on foundations and nonprofit institutions. It described the “increasingly vulnerable position” of foundations in light of tax reform. Moreover, it concluded, “These twin, though independent forces [fiscal malaise and tax reform] ‘are generating a broader discussion concerning the continued existence of philanthropic institutions in our pluralistic institutional order.’”⁶ On the subject of tax law, a 1979 issue of “A Voice for Philanthropy” stated, “more than 80% of all taxpayers used the standard deduction for 1978 returns;” but, due to tax-law changes, many of these individuals could not take a deduction for their gifts to charity in 1979.⁷ As a result, contributions to charity were cut by several billion dollars (according to the article’s highly suspect estimate).⁸ These articles, even when they include fallacious assertions, exemplify the fear of philanthropic leaders in the late 1970s.

While the economy and tax policy may have been the two most weighty challenges, nonprofit leaders feared a number of other threats, such as increasing government provision of social services (potentially absorbing/controlling or crowding out nonprofits), skeptical congressional investigations, and lack of data about the third sector that lead to public under-appreciation of the role of foundations and voluntary organizations. An article entitled, “Philanthropy: At a Watershed Point?”, in an undated 1970s issue of “A Voice for Philanthropy” captured well the sense of existential crisis in the sector when it noted that “many observers feel that private philanthropy is at a watershed point.” and then asked, “will it, on the one hand, survive the vicissitudes of persistent inflation, excessive government regulation and control, and its failure to sense its own authentic role, or will it gradually evanesce into a condition of lesser and lesser influence upon the quality of life within our society?”⁹ In 1979, Waldemar Nielsen published a book entitled, *The Endangered Sector* that, according to O’Connell, “presented a chilling picture of government’s increasing control of the activities of voluntary

5 “A Voice” Newsletter, Volume 2, No. 1, Feb. 1975, Box 1/Folder 14, Independent Sector Records, 1971–1996, IUPUI Archives.

6 Ibid.

7 “A Voice for Philanthropy” Newsletter, Aug. 1979, Box 1/Folder 16, Independent Sector Records, 1971–1996, IUPUI Archives.

8 No data is cited in the “A Voice for Philanthropy” article to support a decrease in giving of billions of dollars from 1978 to 1979. To the contrary, *Giving USA* reports an increase in giving, in current dollars, 1978 to 1979. *Giving USA: The Annual Report on Philanthropy for the year 2017* (2018). Chicago: Giving USA Foundation, 42.

9 “A Voice for Philanthropy” Newsletter, Undated, Box 1/Folder 14, Independent Sector Records, 1971–1996, IUPUI Archives.

associations and institutions through money, mandates, regulations, penalties, political influence, and intimidation.”¹⁰ In addition, at the IS charter meeting on March 5, 1980, keynote speaker, Senator Patrick Moynihan (D-New York) warned:

I think many of you will remember reading Joseph Schumpeter’s last great book in which he said how this wonderfully creative civilization which we have produced in North America and Western Europe is going to come to an end—not in some great apocalyptic Armageddon in which one class takes over another class and destroys all classes. It will come to an end through the slow but steady conquest of the private sector by the public sector. There is nowhere that this is more in evidence and more advanced than with respect to the non-government enterprises of public concern which you represent. Little by little, you are being squeezed out of existence or slowly absorbed.¹¹

This quote demonstrates the depth of the fear for the future of private philanthropy perceived by many individuals involved in and supportive of the founding of Independent Sector. Not only was the viability of the sector in question, but for some, there was a perception of jeopardy for Western civilization itself.

To make matters worse, critical questions and accusations toward the sector were leveled in major media sources. For example, Brian O’Connell, soon to be co-founder and CEO of Independent Sector, circulated to CONVO members a November 1978 article from U.S. News and World Report entitled “For Many, There Are Big Profits In ‘Non Profits.’”¹² Among other things, this article proposed tighter restrictions for nonprofits to prevent things such as “fat” executive salaries with “generous fringe benefits,” awarding of contracts to trustees and board members, nonprofits serving as “fronts for commercial enterprises” and engaging in both “wasteful” and “fraudulent” fundraising.¹³ The title of a 1979 Forbes Magazine article voices a more existential question: “Is Charity Obsolete?”¹⁴ This article was included among the board materials for CONVO’s March 1979 board meeting.

These issues, of course, were not new and had been simmering for decades (if not centuries). The Walsh Commission (1915), which raised concerns about concentrations of wealth and power, and connected those concerns to the creation of foundations, specifically targeted John D. Rockefeller, Sr., and his philanthropic endeavors.¹⁵ Although its recommendations were not pursued by Congress at the

10 Brian O’Connell, *Fifty Years in Public Causes: Stories from a Road Less Travelled (Civil Society: Historical and Contemporary Perspectives)* (Lebanon, NH: University Press of New England, 2005), 82.

11 O’Connell, *Fifty Years*, 105.

12 Box 1/Folder 12, Independent Sector Records, 1971–1996, IUPUI Archives.

13 *Ibid.*

14 *Ibid.*

15 Eleanor Brilliant, *Private Charity and Public Inquiry: A History of the Filer and Peterson Commissions* (Indiana University Press, 2000), 12.

time, the Commission's concerns resurfaced in various ways throughout the 20th century. For example, the Tax Revenue Acts of 1938 and 1950 included limitations on charities. In addition, a movement began to officially distinguish private foundations from other charitable organizations for fear of their concentrations of vast wealth.¹⁶ This distinction was formally established in the Internal Revenue Code with the passage of the 1969 Tax Reform Act.¹⁷

That particular piece of legislation was pivotal in the evolution of philanthropy in the United States and in the formation of Independent Sector. Already on alert due to the pressure applied by the likes of U.S. Congressman Wright Patman (D-Texas) and the 1965 Treasury Report (the same year that Kurt Vonnegut published his forceful and searing critique of foundations entitled *God Bless You, Mr. Rosewater*), philanthropic leaders viewed the Tax Reform Act of 1969 as a threat to the independence and economic health of American philanthropy. The provisions of most concern were a minimum pay-out rate and an audit fee. Senator Albert Gore Sr. (D-Tennessee) proposed a 40-year sunset rule for foundations. The Peterson Commission countered, in the words of Brilliant, with a "distracting alternative" in the form of mandated pay-out rates. For a variety of reasons, a sunset provision was not included in the final bill; and, instead, a 6% minimum annual payout by foundations became law (though it was to be gradually introduced).¹⁸ The second bone of contention, an audit fee, also became part of the TRA at the level of 4% per year. Hall writes that the TRA of 1969 "left most philanthropic leaders in a state of shock;" and it cast a long shadow felt by philanthropic leaders through at least the 1970s.¹⁹

Rockefeller's grandson and namesake, John D. Rockefeller III (JDR III), a self-described "philanthropist," shared the growing apprehension of many third-sector leaders and worked proactively to reverse, or at least, to mitigate the threat.²⁰ Toward this end, JDR III supported two significant projects. The first, the *Commission on Foundations and Private Philanthropy* (a.k.a., the Peterson Commission of 1969–1970) was decidedly protective or defensive of the sector. Brilliant describes its purpose as "to head off disastrous legislation by Congress," and as

¹⁶ *Ibid.*, 21–23.

¹⁷ *Ibid.*, 24.

¹⁸ Brilliant, *Private Charity*, 85.

¹⁹ Peter D. Hall, "The Welfare State," in *Charity, Philanthropy, and Civil Society in American History*, ed. Lawrence J. Friedman and Mark D. McGarvie (Cambridge, UK: Cambridge University Press, 2002), 375.

²⁰ See draft of JDR, Jr. III's book preface in which he reflects on his daughter's answer to a friend asking, "What does your father do?," in Box 63/Folder 407, John D. Rockefeller, Jr. III Correspondence: Series 3 (1955–1978), Third Sector Book Project (1977–1978), Rockefeller Archives Center.

“centered around protection of big donors as well as large foundations.”²¹ The legislative efforts in question were those that would produce the TRA of 1969; and the Peterson Commission report was intentionally delayed until after the passage of that bill in order to be able to respond to and mitigate its impact. The *Commission on Private Philanthropy and Public Needs* (a.k.a. the “Filer Commission” of 1973–1975) was also principally protective. The stated purposes for this body can be boiled down to four goals: (1) to gather data about the sector—both to understand its activities and to assess societal needs for future nonprofit interventions; (2) to advocate on behalf of the sector; (3) to provide a space for discussions on topics relevant to nonprofit organizations—including criticism of the sector; and (4) to improve government-nonprofit sector relations both for the sake of collaboration, and the need to protect the nonprofit sector.²²

In addition, among the “major recommendations” of the later commission’s report was that “a permanent national commission on the nonprofit sector be established by Congress.”²³ For a variety of reasons, including the Carter administration’s determination to reduce the number of public commissions and fear among nonprofit leaders that a governmental commission would mean loss of independence and control, a permanent governmental or quasi-governmental body never came to fruition. In its place, a variety of private, professional, and umbrella groups continued or began to provide varying degrees of coordination and advocacy. Two of these institutions were a direct result of the Filer Commission. The first, the National Council on Responsive Philanthropy (NCRP), was founded in 1975 by members of the “Donee Group” of the Filer Commission.²⁴ From its inception, NCRP represented historically marginalized groups and it was leery of the influence of foundations and large nonprofits. The second, CONVO, was formed by numerous organizations actively engaged in the Filer Commission’s work, including the 501(c)(3) Group, the National Council on Philanthropy, the Council on Foundations, the Coalition for Public Good, the American Hospital

21 Brilliant, *Private Charity*, 88.

22 Giving in America: Toward a Stronger Voluntary Sector. Report of the Commission on Private Philanthropy and Public Needs, 191–192.

23 Giving in America, 191.

24 The “Donee Group” was formed in response to a news article, which critiqued the composition of the membership of the Filer Commission. The author of the article, Pablo Eisenberg, was invited to bring together representatives of “public interest/social action groups” to meet with the Filer Commission. They were subsequently invited to observe and comment on the work of the Commission. Representatives of this group became known as the “Donee Group.” Eleanor L. Brilliant, *Private Charity & Public Inquiry: A History of the Filer and Peterson Commissions* (Bloomington, IN: Indiana University Press, 2000).

Association, and the National Health Council.²⁵ CONVO, which launched in 1976, saw itself as following through in the spirit, if not the letter (i.e. it was neither fully nor quasi-governmental), of the Filer Commission recommendation of establishing a national body “to deal with shared concerns of nonprofit institutions and agencies ... [without curtailing] the autonomy or the programs of national organizations.”²⁶ As we will elaborate below, CONVO would prove unsuccessful in fulfilling this mission.

Along with NCRP and CONVO, nearly 20 other organizations that predated the Filer Commission played coordinating and advocacy roles in this space. For instance, NCOP, in June of 1974, described itself as “the only major national philanthropic organization where the donors—the national givers, and the donees—the national receivers, work together to solve mutual problems and increase the efficiency of the U.S.A. private sector’s total annual charitable involvement of more than \$25 billion dollars.”²⁷ This grand self-description, in retrospect, was an unrealized aspiration rather than NCOP’s actual function. Another notable example was the Council on Foundations, which coordinated among and advocated on behalf of its membership, which consisted primarily of large foundations. With these, and other groups in mind, historian Peter Hall writes, “Because the Filer Commission had failed in its main task—the creation of an agency that would have effectively removed public policy toward philanthropy from the political process—those in sympathy with the commission’s recommendations had to try to devise alternate means of bringing the diverse and discordant elements of the tax-exempt universe—the third sector—into harmony.”²⁸ These efforts, in fits and starts, would ultimately give birth to Independent Sector.

3 “To Preserve an Independent Sector”

Despite the attempts of various organizations to coordinate and advocate within the sector the idea of a unified nonprofit voice was in jeopardy in the late 1970s. The

²⁵ “A brief review of ‘What Does the Future Hold for Philanthropy’” by John J. Schwartz, President, American Association of Fund-Raising Counsel, Inc. presented at the 50th Anniversary Conference of Marta & Lundy, Inc. on 2 August 1976. Box 1/Folder 15, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

²⁶ *Ibid.*, No. 11.

²⁷ Minutes of BOD meeting on 24 June 1974, Box 1/Folder 29, Independent Sector Records, 1971–1996, IUPUI Archives.

²⁸ Hall, *Inventing the Nonprofit Sector*, 78–79.

government option remained closed despite JDR III's personal lobbying of Treasury Secretary, W. Michael Blumenthal.²⁹ Groups such as the Council on Foundations or NCRP served constituencies too specific to function as an industry-wide body. In addition, groups with broader ambition, such as CONVO and NCOP, were struggling to gain traction even within their sub-sectors. In 1978, membership of these two IS forerunners consisted of merely 41 and 20 organizations respectively.³⁰

However, a series of unfortunate events would open a way forward. In the first place, the untimely death of Oscar Carr created a vacancy in the role of executive director at NCOP. He died in late 1977 of cancer not long after taking office. Secondly, CONVO also found itself without an executive director when Richard Dewey submitted his resignation prior to the end of his contract in 1978. With these leadership vacancies in the foreground, Bayard Ewing (Chairman of CONVO) called Kenneth L. Albrecht (Chairman of NCOP), both of whom were members of the Filer Commission, to discuss deeper cooperation between the two organizations. Albrecht subsequently introduced the subject of collaboration with CONVO to the NCOP board of directors during a meeting in June 1978. This may have been the first official discussion of what would lead to Independent Sector.

At the same time, the economic health of both CONVO and NCOP was perilously weak. The situation was so acute for NCOP that its external audit report for 1978 raised concern over the organization's financial viability.³¹ For its part, CONVO reported less cash and investments on its August 1978 balance sheet than were needed to cover merely two months of payroll.³² A final piece of this melancholy picture was the tragic death of JDR III in a July 1978 automobile accident. With his passing, the Rockefeller name and resources would cease to be a driving force in the creation of an industry-wide umbrella organization. The combination of these events created an unanticipated situation in which merger was attractive to both boards. Recognizing the moment, Brian O'Connell, a respected leader of

29 JDR III letter dated 11 March 1977, Box 63/Folder 411, John D. Rockefeller, Jr. III papers: Series 3: Office and Homes Files; Subseries 3: Philanthropy and Public Interests, Rockefeller Archives Center.

30 "Membership Projections" appendix to the Report of Sub-Committee on Governance, Structure and Financing (Draft as of 15 June 1979), Box 4/Folder 6, Independent Sector Records, 1971–1996, IUPUI Archives.

31 1978 Audit report, in which L. Philip Ewald, Treasurer of NCOP warned the board of "a very small equity to start operations for the year 1979" and concluded that "Definite efforts will have to be made to raise funds in the beginning of 1979 to assure that NCOP operations can continue in 1979" and Memo entitled, "NCOP Projected 1978 Financial Operations" dated 20 November 1978, Box 1/Folder 18, Independent Sector Records, 1971–1996, IUPUI Archives.

32 Box 1/Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

the National Mental Health Association (now Mental Health America), advised Albrecht and Ewing that “philanthropy and the broader voluntary sector” should do “something better to protect and enhance giving, volunteering, and the tangible and intangible contributions of the sector to our democratic society.”³³ More specifically, O’Connell recommended that CONVO and NCOP take steps toward the creation of a “vehicle for closer organizational cooperation” in pursuit of “their common ideals.”³⁴

In this context, the boards of CONVO and NCOP invited O’Connell to conduct a “Feasibility Study of Closer Collaboration” between the organizations in August of 1978. In the report, which was completed in a mere month, O’Connell concludes, “There are decidedly good things about C.O.N.V.O. and N.C.O.P. However, their immediate problems and shortcomings and the coincidence of their staff openings, along with their similar missions and shared desire to build a more effective instrument, suggest that to try to bring off the larger collaboration is logical and perhaps the most important thing either organization could ever do.”³⁵ The open leadership roles in both organizations created a unique opportunity upon which the feasibility study capitalized by proposing a common chief executive officer and other joint staff to serve not only the pre-existing CONVO and NCOP, but also a new offspring, Voluntary Sector, Inc.³⁶ This new organization would change its name to Independent Sector the following year. Once the two boards agreed to proceed, they hired O’Connell as executive officer of the three entities; and welcomed John W. Gardner, a respected former government and nonprofit leader, to serve as chair of the Organizing Committee—the entity tasked with governance of the exploratory process. A joint luncheon of CONVO and NCOP to formally announce the Organizing Committee described its purpose as creating “a new national force to protect and enhance the opportunities of citizens and their NGO/nonprofit sector to have impact on society’s problems and directions.”³⁷ On the one hand, as was the case with the Peterson and Filer Commissions, the statement highlights the foundational aspiration “to protect” the sector. Protection or preservation is the loud and clear priority that runs through the halls of philanthropic power throughout this period. On the other hand, the second half of this purpose statement suggests a less

33 Brian O’Connell, *Powered by Coalition: The Story of Independent Sector* (San Francisco, CA: Jossey-Bass, 1997), 87–88.

34 *Ibid.*, 87–88.

35 Feasibility Study of Closer Collaboration Between The Coalition of National Voluntary Organizations (C.O.N.V.O.) and the National Council on Philanthropy (N.C.O.P.), p. 6, Box 1/Folder 40, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

36 *Ibid.*

37 Brochure for joint luncheon, 29 November 1978, Box 1/Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

defensive and broader vision of an empowered nonprofit sector and citizenry. Yet, questions remained about which citizens and what types of NGOs/nonprofits would be invited to the table. For whom would IS “enhance opportunity” and who would define “society’s problems?”

The Organizing Committee met approximately bi-monthly for the next year and issued a draft report entitled, “To Preserve an Independent Sector,” in September of 1979. This report largely followed the contours of the 1978 feasibility study and the discussions that had been taking place at both organizations over much of the prior year. With a handful of suggested revisions, the report was approved by the boards of CONVO and NCOP in October and November of 1979, respectively. A final approved version was disseminated in December 1979. This marked the official birth of Independent Sector.

4 Who was Independent Sector?

Externally, the new organization spoke optimistically of the ability of diverse groups to unite. The official announcement of its inauguration described Independent Sector as a “meeting ground where the diverse elements in and related to the sector can comfortably come together to learn how to improve their performance and effectiveness and how to create a positive national climate for giving, volunteering and not-for-profit initiative.”³⁸ Internally, sentiment was more circumspect. The conclusion of the Organizing Committee report astutely noted “very real ... obstacles ... differences, antipathies, and antagonisms” within the sector. However it saw these as less powerful than the “shared understanding of the sector’s capacity to serve human values ... ”³⁹ In the final back-and-forth to approve that report, Brian O’Connell likened himself to President Carter “negotiating between the Arabs and the Israelis.”⁴⁰ Thus, it was with good reason that O’Connell gave the following advice to Bayard Ewing early in the process: “One of the most delicate and important responsibilities of this new entity will be to build a planning mechanism that is inclusive and provides a genuine participatory process. At every stage, the process then should be a balance of donors and donees,

38 Brochure “Independent Sector: I am pleased to announce” (undated), Box 2/Folder 2, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

39 “To Preserve an Independent Sector” DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

40 Memo to CONVO BOD from Brian O’Connell for Bayard Ewing on 26 September 1978, p. 9, Box 1/Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

including foundations and corporations on the donor side and service providers and advocates on the donee side.”⁴¹

Among other connotations, donor and donee invoked the two organizational parents of Independent Sector: CONVO (donees) and NCOP (donors). On the one hand, the 1979 membership of CONVO was replete with representatives of funding recipients such as the American Cancer Society, Girl Scouts of the USA, the National Conference of Catholic Charities, and the National Wildlife Federation. On the other hand, NCOP’s list of “supporters” (i.e. members) in 1979 was dominated by major American for-profit corporations and their foundations. Among the powerful NCOP members were Ford Motor Company, McDonald’s Corporation, Monsanto, and Eastman Kodak. As such, both O’Connell’s feasibility study and the Organizing Committee sought carefully to balance participation from CONVO and NCOP.

O’Connell interviewed eight members of CONVO and seven members of NCOP for the feasibility study.⁴² Similarly, the Organizing Committee included three official representatives from each organization, though there were additional board members of CONVO (2) and NCOP (5) serving as “members at large” representing their places of employment. It is also important to note that the two predecessor organizations were not mutually exclusive. NCOP and CONVO shared three board members, two of which joined the Organizing Committee board Rosemary Higgins Cass, an attorney and future judge, was both a Trustee of CONVO and Counsel to the Board of NCOP. John J. Schwartz, President of the American Association of Fundraising, was secretary-treasurer of CONVO and a board member of NCOP. Additionally, William Aramony, soon to be the infamous ex-CEO of United Way, sat on the boards of both NCOP and CONVO. He was not a member of the Organizing Committee, but he was a member of the first board of directors of IS.

Some prior donor-donee overlap notwithstanding, the advent of Independent Sector as a place where funder and recipient constituencies could come together was viewed as a significant step forward in creating a more unified sector. Its first board of directors included the former chairs of both CONVO (Ewing) and NCOP (Albrecht), the three individuals who had served on both boards (Aramony, Higgins-Cass, and Schwartz), the last executive director of both organizations (O’Connell), and John Filer, who had been chair of the most important

⁴¹ Memo to CONVO BOD from Brian O’Connell for Bayard Ewing on 26 September 1978, p. 9, Box 1/ Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

⁴² “Feasibility Study of Closer Collaboration Between the Coalition of National Voluntary Organizations (C.O.N.V.O.) and the National Council on Philanthropy (N.C.O.P.)”, p. 1–2, Box 1/Folder 1, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

collaboration between donors and donees in recent memory (i.e. the Filer Commission). The new IS board achieved relative balance in respect to former board members of CONVO and NCOP with eight and six members respectively. In addition, among its large 52-member founding board, IS had 15 persons representing particular corporations and foundations, and 17 persons representing particular voluntary organizations. Whatever else the Independent Sector initially accomplished, to a significant degree, it met the Filer Commission goal of bringing together donors and donees in a permanent umbrella organization.

While representation of both donees and donors was a key innovative characteristic of IS, the organization sought to bring the sector together on other dimensions. One example was the effort to include members from different philanthropic sub-sectors. The minutes of the October 1978 Organizing Committee meeting noted that “educational institutions, opera, libraries, environmental groups, health agencies, etc.” would not have seen a “real kinship among themselves, but today that is changing.”⁴³ This theme was also captured in the committee’s report when it stated the hope of CONVO and NCOP that the new organization would encompass a broad cross-section of “those concerned with the vitality of the independent sector,” which included “social welfare agencies, corporate philanthropy, nonprofit health organizations, private education, cultural groups, public interest organizations, chambers of commerce, foundations, better business bureaus, scientific laboratories, religious groups, etc.”⁴⁴ That aspiration became reality as the 1980 Independent Sector board of directors represented at least a dozen nonprofit sub-sectors (in addition to for-profit, legal and consulting organizations).⁴⁵

Yet, representation for Independent Sector leadership meant more than donors together with donees and wide sub-sector inclusion. The fledgling organization also valued and acted to create greater racial, gender, and religious heterogeneity. For instance, the educational sub-sector was represented by the Graduate School of Urban Resources Social Policy, Johns Hopkins University, Stanford University, the Tuskegee Institute, and the National Association of Independent Colleges and Universities. These five entities include an historically Black university, a school focused on urban policy with Hispanic influence, and a large educational umbrella organization. Similarly, the IS board of directors

43 Minutes of the Meeting of the Organizing Committee, October 1978, Box 4/Folder 1, Independent Sector Records, 1971–1996, IUPUI Archives.

44 “To Preserve an Independent Sector” DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

45 List of Inaugural Board of Directors of Independent Sector, Box 7/Folder 20, Independent Sector Records, 1971–1996, IUPUI Archives.

included groups focused on civil rights and social justice such as the National Council of La Raza, the Native American Rights Fund, the National Urban Coalition, and the New World Foundation (a New York City-based foundation focused on civil rights). In addition, a degree of religious diversity was achieved by the inclusion of Catholic, Jewish, and Protestant organizations. As it relates to greater voice for women, 35% of Independent Sector's 1980 board members were female. Though below the national population average, this was more than double the percentage of women directors (15%) sitting on the combined boards of CONVO and NCOP prior to merger.⁴⁶ Furthermore, several institutions focused on female constituencies, namely Planned Parenthood and the YWCA of the USA, were represented on the founding board of IS.

Achieving greater representation was not accidental. The Organizing Committee regularly discussed the need for pluralism and inclusivity. At a meeting in January 1979 a member warned not to "over-simplify" the nonprofit sector with its "infinite expressions of varieties and impulses."⁴⁷ At that same meeting, Raul Yzaguirre, representing the National Council of LaRaza (he was also co-chair of NCRP) counseled, "It won't serve the cause of Hispanics simply to create a stronger voluntary sector which excludes Hispanics or does not contribute to their opportunities to share in the power and the wealth."⁴⁸ Similarly, Philip Bernstein, from the Council of Jewish Federations, expressed concern that "women haven't had real power in public or private institutions."⁴⁹ A short time later, at an Organizing Committee meeting in March 1979, several members strongly affirmed their commitment to pluralism. Glenn Watts, president of Communications Workers of America, warned that IS should not "try to make everybody look alike" in the philanthropic space. In his words, IS must be "tolerant" even if various constituencies find other constituencies to be "unacceptable."⁵⁰ Also at that meeting, "pluralism with no apologies" was the counsel of James T. Hosey, a vice president of the U.S. Steel Corporation.⁵¹

In retrospect, Virginia Hodgkinson, who was Vice President of Research for IS in the early 1980s stated that IS was both "very careful" with regard to views of diversity among prospective management hires and "very, very concerned" that all

46 Female membership was 11% for NCOP, and 29% for CONVO prior to merger/formation of IS.

47 Minutes of the Meeting of the Organizing Committee January 1979, Box 4/Folder 2, Independent Sector Records, 1971–1996, IUPUI Archives.

48 Minutes of the Meeting of the Organizing Committee January 1979, Box 4/Folder 2, Independent Sector Records, 1971–1996, IUPUI Archives.

49 *Ibid.*

50 Minutes of the Meeting of the Organizing Committee March 1979, Box 4/Folder 3, Independent Sector Records, 1971–1996, IUPUI Archives.

51 *Ibid.*

of the board committees were diversified.⁵² In addition, she identified the two most important strengths of IS in its early years as its “single voice for influence of the sector with government” and “real attention to diversity.”⁵³ The archival evidence confirms that those involved in the creation of the Independent Sector were indeed concerned with broader representation. Next we will explore the limitations of the concern for representation that are implied in the order of Hodgkinson’s comments in the immediately preceding sentence: the first strength of Independent Sector was unity vis-à-vis government, and aspirations of diversity were secondary.

5 “The Lowest Common Denominator”

Both CONVO and NCOP brought their unique sets of interests, which undoubtedly influenced the selected set of priorities. Prior to merging, CONVO focused on government relations and public education—though the latter was largely sub-contracted survey research; while NCOP was known for its national conference on philanthropy and member communications. In its report, the Organizing Committee made general program recommendations, acknowledging that, “the new organization will have to be free to decide its program activities and priorities.”⁵⁴ The recommended program included five components: (a) public education “to improve understanding of the sector’s role and function;” (b) research “to provide a body of knowledge about the sector;” (c) government relations “to ensure a healthy interdependence and continued viability of nonprofit organizations;” (d) communication “within the sector so that shared problems and opportunities may be identified and pursued;” and (e) effective operation and management “to maximize ... capacity [of philanthropic and voluntary organizations] to serve individuals and society as a whole.”⁵⁵ The third priority, government relations (and tax policy in particular) would come to dominate the agenda—as it had done since at least the mid- to late-1960s (i.e. Wright Patman and the TRA of 1969).

In the Summer and Fall of 1980, the newly formed Independent Sector engaged in long-term organizational planning. The process began with a member survey, and continued with an IS staff planning retreat, a board discussion, and

52 Telephone interview with Dr. Virginia Hodgkinson on 01 December 2017—a transcript, recording, and consent form were submitted to the IUPUI Archives in 2018.

53 Ibid.

54 “To Preserve an Independent Sector” DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

55 Ibid.

formal approval in August 1980.⁵⁶ Analysis of stakeholder feedback indicated consensus that public education and government relations ought to be the organization's top priorities, followed by communications, research, and effective operation and management.⁵⁷ Notice that the top two priorities were, to a large degree, self-interested. Public education signified creating awareness and appreciation (and, implicitly, support) of the nonprofit sector; and, the interest in government relations largely speaks to the desire to prevent government from taking actions or making policies inimical to foundations and nonprofit organizations.

In its response to feedback on the recommended program, the Organizing Committee stressed the importance of maintaining "a reasonable balance" between external and internal emphases and programs. This included the intention to consider balance as a factor in regular evaluations of the organization's work. Yet, that was more an aspiration for the future as implied by the acknowledgment that "although in the earliest years a balance may not be possible, the eventual purpose should be to achieve a program balance among the functions."⁵⁸ Despite the desire for balance, IS activities and public reports during its first decade focused heavily on government relations.

In reflecting on the strengths and weaknesses of the organization in its early years, Hodgkinson stated, IS "was described as an umbrella of umbrellas ... and the point of that was really to try to get one national voice and to use the power of that association to make a difference;" but, the agreed upon goals "were very slim in the beginning" and "the only thing they agreed on was the charitable deduction."⁵⁹ This resonates strongly with the Organizing Committee's warning, years before, of "the danger that any organization which is made up from the sector and which must serve its constituents well enough to retain their support will end up representing *the lowest common denominator* of self-interest of the sector and not the highest public interest."⁶⁰ This is what appears to have happened. Self-preservation, which meant resisting unfavorable changes to tax policy, dominated IS at the expense of more fundamental issues of the public good.

56 "Second Staff Planning Retreat" Agenda and Handouts, 13 June 1980, Box 33/Folder 16, Independent Sector Records, 1971–1996, IUPUI Archives.

57 Draft Long-Term Plan, August 1980, Box 11/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

58 "To Preserve an Independent Sector" Final Approved Organizing Committee Report, December 1979, p. 35, Box 11/Folder 6, Independent Sector Records, 1971–1996, IUPUI Archives.

59 Interview with Dr. Virginia Hodgkinson, 01 December 2017—to be added to the IUPUI Archives (Transcript, p. 8).

60 "To Preserve an Independent Sector" Final Approved Organizing Committee Report, December 1979, p. iv, Box 11/Folder 6, Independent Sector Records, 1971–1996, IUPUI Archives.

6 Who was *not* Independent Sector?

The final Organizing Committee report stated that IS would be a membership association open to “organizations with national interests and impact in philanthropy, voluntary action, or other activity relating to the independent pursuit of the educational, scientific, health, welfare, cultural, and religious life of the nation.”⁶¹ The IS Membership Committee, in an August 1980 meeting, clarified the membership criteria, which were later included in the organization’s By-Laws. Eligible organizations included “*national umbrella groups*”; “*national voluntary organizations*”; “foundations and corporations whose giving programs reflect *national and international interests*”; “major regional voluntary organizations which have *national interests and impact*”; “*national churches, unions, civic groups, co-operatives that relate to philanthropy, and voluntary action*”⁶² (emphasis added). Clearly, IS had little appetite for organizations outside of the national philanthropic elite.

To sharpen that point, the guidelines of the By-Laws stated that a “prospect with only a local facility would not be eligible for membership.”⁶³ This restriction excluded the majority of nonprofit organizations operating in the country and was seen by critics as problematic. For example, Pablo Eisenberg—one of the key drivers of the Filer Commission’s donee group,” Executive Director of the Center for Community Change (CCC) and founding board member of NCRP—elaborated the following concerns in a May 1980 letter addressed to Brian O’Connell:

Why should foundations and corporations be permitted to join, while significant local community groups are precluded from membership? Is there any logic in including a foundation that has only a few trustees and no outreach in a community and excluding a \$30 million development organization that services over 5,000 people in a neighborhood or a citywide organization that commands 10,000 members?⁶⁴

The exclusion of nonprofits without a “national interest” as well as “non-traditional” organizations troubled those who feared that powerful and wealthy corporate foundations and philanthropic organizations would drown-out the voices of grassroots civil society groups. Not completely unsympathetic to this

⁶¹ “To Preserve an Independent Sector” Final Approved Organizing Committee Report, December 1979, p. 35, Box 11/Folder 6, Independent Sector Records, 1971–1996, IUPUI Archives.

⁶² IS Membership Committee Meeting Minutes, August 1980, Box 25/Folder 28–31, Independent Sector Records, 1971–1996, IUPUI Archives.

⁶³ Independent Sector DRAFT Bylaws, 1980, Box 11/Folder 6, Independent Sector Records, 1971–1996, IUPUI Archives.

⁶⁴ Letter from Pablo Eisenberg (Center for Community Change) to Brian O’Connell (Independent Sector), 27 May 1980, Box 2/Folder 3, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

concern, the Organizing Committee discussed setting up regional, state, and local level versions of IS. However, the final Organizing Committee report called for a focus on ensuring the success of the national entity. Thus, regional, state, and local branches were delayed indefinitely.

Even Brian O'Connell noted the insufficiency of IS's modest efforts to move beyond the national powerbrokers of philanthropy. He wrote that IS "stretched all those [membership] requirements almost to the breaking point, but to have opened the organization to every interested local organization would have totally swamped us in numbers and focus."⁶⁵ IS's attempt at a solution to the problem of elite membership/exclusivity was to establish, at a later point, an associate's program for smaller organizations. In retrospect, O'Connell lamented, "I'm not sure there was a solution, but I regret I couldn't find one."⁶⁶

Although the approach to membership and governance indicated some genuine (minor) interest in diversity, it was ultimately constrained by protectionist concerns. Although IS explicitly welcomed a large range of organizations—"social welfare agencies, corporate philanthropy, nonprofit health organizations, chambers of commerce, private education, cultural groups, public interest organizations, foundations, better business bureaus, scientific laboratories, religious groups"—they were invited with the understanding that their common concern was "the viability of the independent sector."⁶⁷ Viability of the sector, as it stood at the time, was the "focus" that O'Connell feared may have been diluted by a broader membership. Moreover, viability of the sector undoubtedly meant, to friend and foe of establishment philanthropy, the "lowest common denominator": defending the charitable deduction and improving government relations as discussed above. Goals of reform and improvement of the sector were rare in IS discussions. Social justice and philanthropic accountability were ancillary concerns, at best.

In setting up the board and governance structure of IS, power dynamics were raised but only superficially addressed in policies and procedures. Beyond mention of a need to be fair (e.g. one member, one vote) or offer equal treatment, there were few specifics as to how the organization would address the influence of wealthy and powerful organizations on its board or in its membership. A difficult debate over the organization's name offers an informative example of this problem. Brian O'Connell's Feasibility Study proposed the name "Voluntary Sector." NCOP immediately and persistently objected to this name. Other options considered included, "The Meeting Ground," "MEETING GROUND of the Non-Profit

⁶⁵ O'Connell, *Powered by Coalition*, 179.

⁶⁶ *Ibid.*, 179.

⁶⁷ "To Preserve an Independent Sector" DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

Sector,” “The Non-Profit Sector,” and “Coalition for Voluntary Initiative and Independent Institutions.”⁶⁸ In February 1979, O’Connell suggested another possibility articulated in a letter to John Gardner: “We are a sector in search of a characterization as well as a name. I think Independent Sector captures the characterization and Independent Sector, Inc. establishes the organization as the meeting ground.”⁶⁹ By October, however, the name was still under debate. In response to the Organizing Committee’s draft report, CONVO’s membership lobbied for “Voluntary Sector” over “Independent Sector” while NCOP’s board of directors remained opposed to “Voluntary Sector” but also believed “that ‘INDEPENDENT SECTOR’ doesn’t adequately describe the organization” and asked the Organizing Committee to seek advice from a marketing firm. The agency of Ruder & Finn also recommended “Voluntary Sector” and warned against the use of “Independent Sector,” as it did not meet any of the committee’s requirements for a name, which included: “it must be unique”; “it must be immediately recognizable”; “it must be understandable, convey meaning”; and “it must be relevant.”⁷⁰ Despite the agency’s feedback and CONVO’s preference, the Organizing Committee chose “Independent Sector, Inc.,” stating that several institutions within the sector—colleges, universities, and hospitals for example—did not consider themselves voluntary. The ability of NCOP to resist the name “Voluntary Sector”—recommended initially by the Feasibility Study, preferred by CONVO and endorsed by the very consultants that NCOP itself had requested—illustrates precisely the concern of the Donee Group and NCRP with regard to the power of foundations.

NCRP was not the only constituency to have concerns related to the undue influence of wealth on the philanthropic sector. In its feedback on the draft report to the Organizing Committee, CONVO membership expressed discomfort with the fact that for-profits (e.g. corporations that make grants) would become voting members, stating: “This relates to the concern expressed earlier about mixing grant making and grant seeking organizations, but it also involves possible undue influence on the nonprofit sector by the profit sector.”⁷¹ To this, the Organizing Committee responded: “We have to recognize that some on both sides are uneasy

68 “Naming the Organization (1979–1980),” Box 4/Folder 19, Independent Sector Records, 1971–1996, IUPUI Archives.

69 “Next Crack at the Name,” (6 February 1979), Box 2/Folder 3, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

70 “Naming the Organization (1979–1980),” Box 4/Folder 19, Independent Sector Records, 1971–1996, IUPUI Archives.

71 “The Organizing Committee’s Revisions in its report in response to the reactions & suggestions of NCOP and CONVO, October 24, 1979.” In CONVO Board Meeting Packet, 28 November 1979, Box 1/Folder 7, Independent Sector Records 1971–1996, IUPUI Archives.

with such an alliance and a few on each side don't believe it can work. The issue of business control is probably best dealt with under balance and protections against control."⁷² In the report, balance refers to a broadly representative membership and one vote per member. The section of the report focusing on balance and control speaks, at length, to the Committee's belief that IS members will necessarily recognize the need to speak for the sector as a whole—not merely to represent self-interests. It goes on to promise that regular evaluations will confirm “a balanced Membership and an organization unlikely to become weighted toward or controlled by any one part of the sector.”⁷³ Those are easy words to say or write, and much harder to enact.

In reflecting on the establishment of IS, Eisenberg recalled that he “argued personally to [John] Gardner that, such a mixed group would soon be dominated by the money and power of donors. And [Gardner] agreed with that, but Brian O'Connell insisted” on the combination of the two groups. Thus, while Independent Sector made some progress toward greater representation and diversity, over-riding concern for the preservation and promotion of the sector excluded or marginalized certain constituencies. Whether conceived in this way or not, IS membership criteria and structure were both biased toward powerful and wealthy organizations; and therefore, did little to disrupt existing white, male and corporate hegemony.

7 Challenging the Status Quo

The Donee Group's report, which was tellingly sub-titled, “To Preserve the Status Quo,” was essentially a counterpoint to the Filer Commission's report. They summarized the dissent as follows:

For now and the foreseeable future, the [Filer] Commission feels that any inducements to giving should not be constructed so as to discourage giving to current recipients. (Filer Commission Report, p. 128) Thus, baldly stated, is the Commission's major assumption – preserving favored treatment of established private institutions in the areas of higher education, health, welfare and the arts. As we have attempted to demonstrate through research papers and meetings, there are, of course, competing values and competing organizations which are given insufficient attention by philanthropy in general, and by the Commission's report. These organizations, which are described in greater detail below, include those engaged in efforts to achieve social justice or social change and those which advocate for or on behalf of under-represented minorities.⁷⁴

⁷² Ibid.

⁷³ “To Preserve an Independent Sector” DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

⁷⁴ *Research Papers: Sponsored by The Commission on Private Philanthropy and Public Needs*, Volume 1, Part 1 (Washington D.C.: Department of the Treasury, 1977), 60. This portion of the Research Papers (pages 49–88) is the entire “Donee Group Report and Recommendations” of 1975, which is subtitled “Vital and Innovative or Passive and Irrelevant.”

One specific and important illustration of the Donee Group's concern was the United Way, which they described as a "classic example of a monopoly market" that denies workers "the right to 'buy' the charitable cause of his or her choice."⁷⁵ All 25 pages of the Donee Group's dissenting comments and questions were included in the final section of the final report of the Filer Commission. One particular voice for representation of marginalized groups stands out in the comments: Graciela Olivarez. A civil rights lawyer and the first woman to graduate from Notre Dame law school, Olivarez would become the highest ranking Mexican-American woman in the Carter administration for which she served as the Director of the Community Services Administration.⁷⁶ Olivarez critiqued the Filer Commission for avoiding the "fundamental responsibility" of wrestling with the "definition of public need."⁷⁷ Furthermore, she saw this as "indicative of the general tenor" of the commission's conclusions and recommendations, which "in essence support maintenance of the status quo."⁷⁸ She spoke of the commission's unwillingness to directly address the regressive tax structure that disincentivized giving by middle and lower classes, the need for a minimal income tax on both appreciated property and bequests, and the inadequacy of the commission's efforts on board representation.

Four years before CONVO and NCOP met to discuss closer collaboration, members of the Donee Group, established the National Committee for Responsive Philanthropy (NCRP). Their purpose was to serve as "an advocate for nonprofits, a watchdog of foundations, an advisor to government, and a resource for the media."⁷⁹ That the Donee Group attracted considerable attention and debate provided justification to its members of the need to establish an organization that would speak and act for "those constituencies and issue organizations that traditionally have either been ignored or neglected by the philanthropic community."⁸⁰ Envisioned as, "a coalition of social change, minority, women and poor organizations," NCRP was open to any organization interested in addressing inequities in

⁷⁵ *Ibid.*, 70. NCRP and others supported congressional efforts in the early 1980s to open United Way campaigns to new charitable groups. See Eleanor Brilliant, *The United Way: Dilemmas of Organized Charities* (New York: Columbia University Press, 1990).

⁷⁶ <https://www.womensheritagetrail.org/women/GracielaGilOlivarez.php> Accessed October 29, 2019.

⁷⁷ Giving in America: Toward a Stronger Voluntary Sector. Report of the Commission on Private Philanthropy and Public Needs, 197.

⁷⁸ *Ibid.*, 197.

⁷⁹ "NCRP 30 Years: A History from 1976 to 2006," 2006, p. 3, retrieved at: http://www.ncrp.org/wp-content/uploads/2016/11/NCRPhistory_HighRes.pdf.

⁸⁰ "A Proposal for Grant Support Submitted by the National Committee for Responsive Philanthropy," May 1976, p. 8, Box 190/Folder 1230, Rockefeller Brothers Fund Records (FA005)/Record Group 3: Projects (Grants)/National Committee on Responsive Philanthropy, Rockefeller Archive Center.

philanthropy, social change and social justice, as well as in transparency and accountability for all philanthropic organizations.⁸¹ They represented historically marginalized groups—even marginalized within the nonprofit sector. This was different from IS, which welcomed only national or nationally oriented organizations. NCRP also did not permit donors on its board of directors nor in its membership. Eisenberg, a founding member, stated, “we saw even a more urgent need to keep the sector accountable to donees and not just to the wealth.”⁸² Thus, NCRP’s structure made the organization safer from cooption by foundations—the step Gardner had considered for IS at the suggestion of Eisenberg, but ultimately rejected at the behest of Brian O’Connell.

In addition, the name itself should not be overlooked. The National Council for Responsive Philanthropy intentionally evokes the idea of a philanthropic sector that is responsive or accountable to society. Recall Eisenberg’s concern, mentioned above, that local groups serving or with memberships in the thousands are overshadowed by foundations with a handful of trustees simply because they manage large fortunes. Lamenting that the vast majority of foundations, past and present, do not accept proposals, Eisenberg states sarcastically: “how’s that for democracy in philanthropy?”⁸³ By contrast, the name “Independent Sector, Inc.,” conveys a very different view. This name, O’Connell declared, communicated the “growing awareness that the Sector’s most important common characteristic is independence” and “if what we really want to preserve and enhance is independence, then we should declare it in every way, including putting it in the organization’s name.”⁸⁴ Again, promotion and protection of the sector from external control or dependence, as opposed to reform and accountability, were at the center of Independent Sector’s creation and identity.

However, it would be wrong to claim that the relationship of NCRP to the philanthropic establishment was completely oppositional. For example, NCRP’s first two donors were John Filer and JDR III. It also received a \$25,000 grant from the Rockefeller Brothers Fund to support its first year of operation.⁸⁵ That is, two of

81 A Proposal for Grant Support Submitted by the National Committee for Responsive Philanthropy,” May 1976, p. 4, Box 190/Folder 1230, Rockefeller Brothers Fund Records (FA005)/Record Group 3: Projects (Grants)/National Committee on Responsive Philanthropy, Rockefeller Archive Center.

82 Interview with Pablo Eisenberg, 10 November 2017—to be added to the IUPUI Archives (Transcript), 7.

83 *Ibid.*, 6.

84 Memorandum to Phil Bernstein and Jim Lipscomb from Brian O’Connell, 23 November 1979, Box 4/Folder 20, Independent Sector Records, 1971–1996, IUPUI Archives.

85 Letter from the Office of the Secretary to Pablo Eisenberg, 17 June 1976, the National Committee for Responsive Philanthropy, Box 190/Folder 1230, Rockefeller Brothers Fund Records (FA005)/

the leaders most associated with the Filer Commission, which inspired the birth of IS, also inspired and supported the work of NCRP. It is helpful to remember that NCRP, Filer and JDR III, but not IS, preferred government involvement in the oversight of the sector. As previously mentioned, the Filer Commission recommended that “a permanent national commission on the nonprofit sector be established by Congress”—this goal was abandoned due to lack of interest from the Carter administration and also the death of JDR III in 1978.⁸⁶

Eisenberg was one of the 25 individuals interviewed by Brian O’Connell for the Feasibility Study, which called for the Organizing Committee that ultimately recommended a merger of CONVO and NCOP to form Independent Sector.⁸⁷ Eisenberg expressed ambivalence about Independent Sector at the time and turned down invitations for both CCC and NCRP to join IS. He recalled that CCC refused to join “on the grounds that our constituencies weren’t represented in IS or on its Board.”⁸⁸ In a 1980 letter to O’Connell, Eisenberg elaborated six reasons why CCC decided not to join—five are germane to this paper.⁸⁹ First, Eisenberg took issue with a perceived lack of effort—by the Organizing Committee—to consult with “non-traditional organizations.”⁹⁰ Second, he noted a focus on exploring the needs and interests of the establishment non-profit sector. Third, he expressed concerns about the membership requirements. A fourth concern was that IS appeared “far more concerned about improving the overall societal climate in which non-profit institutions work than it is with reforming the non-profit sector itself and substantially improving the performance of non-profit organizations.”⁹¹ Lastly, Eisenberg stressed the importance of government in meeting the needs of the poor and disadvantaged, noting “a tone of anti-governmentalism” in IS materials and activities.⁹² Reflecting on his decision to keep NCRP out of IS, Eisenberg stated, “I think that we felt that by being outside we could hold them more

Record Group 3: Projects (Grants)/National Committee on Responsive Philanthropy, Rockefeller Archive Center.

86 *Giving in America: Toward a Stronger Voluntary Sector. Report of the Commission on Private Philanthropy and Public Needs*, 191.

87 Feasibility Study of Closer Collaboration Between the Coalition of National Voluntary Organizations (C.O.N.V.O.) and the National Council on Philanthropy (N.C.O.P.), page. 6, Box 1/Folder 40, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

88 Interview with Pablo Eisenberg, 10 November 2017—to be added to the IUPUI Archives (Transcript), 6.

89 Letter from Pablo Eisenberg (Center for Community Change) to Brian O’Connell (Independent Sector), 27 May 1980, Box 2/Folder 3, John J. Schwartz Papers, 1948–1994, IUPUI Archives.

90 *Ibid.*

91 *Ibid.*

92 *Ibid.*

accountable. That was the problem of having, as it ended up, ... 40% of the membership [being] donor or corporate [institutions] ... no one could hold them accountable ... certainly not the nonprofit membership of IS.”⁹³ This unorthodox choice, to remain distant from power and great reservoirs of funding, in a turbulent age is admirable and speaks to the conviction of dissenting voices.

Despite his critiques and the belief that CCC and NCRP were right to stay out of Independent Sector, Eisenberg gave IS credit for some early accomplishments related to marginalized and under-represented groups: “They were terrific on anti-poverty issues,” fought the federal government budget process on the grounds that it “wasn’t fair and equitable to low-income people,” and “they were a quite good advocacy group.”⁹⁴ In a posthumous tribute to John Gardner, published in the *Chronicle of Philanthropy* in 2002, Eisenberg recalled that under his guidance and with assistance from O’Connell, Independent Sector “became one of the most influential forces in the nonprofit world.”⁹⁵ Moreover, he wrote that it was both “principled and pragmatic,” with efforts to increase accountability within the sector, to spur research on nonprofit activities, and to promote greater social justice. In his estimation, “it was the organization’s golden age.”⁹⁶

Yet, all along, deeper structural problems persisted within IS in regard to representation and governance. Though some individuals’ personal instincts were broader, the organization and its board were largely made up of national and powerful foundations and nonprofit organizations. Personalities come and go, but organizational structures are more difficult to change; and changing them is often a lengthy process. In confirmation of this interpretation, Eisenberg notes with disappointment and irony that although philanthropic boards have increased in diversity, they continue to be most concerned about the charitable deduction.⁹⁷ His contention, which resonates with many observers of contemporary philanthropy, is that the sector shows too little concern for things such as how much money goes to economically impoverished constituencies and the creation of greater access to foundations.

⁹³ Interview with Pablo Eisenberg, 10 November 2017—to be added to the IUPUI Archives (Transcript), 8.

⁹⁴ *Ibid.*, 9.

⁹⁵ Pablo Eisenberg, “Remembering John Gardner, an Idealist Who Knew How to Lead,” in *The Chronicle of Philanthropy*, March 7, 2002. Accessible at: <https://www.philanthropy.com/article/Remembering-John-Gardner-an/185431>.

⁹⁶ *Ibid.*

⁹⁷ Interview with Pablo Eisenberg, 10 November 2017—to be added to the IUPUI Archives (Transcript), 6.

8 Discussion and Conclusion

In its introduction, the Organizing Committee's report stated the intention to "create a new organization to preserve and enhance the American traditions of giving, volunteering, and not-for-profit initiative."⁹⁸ Over the course of 15 months, they created what would soon become the Independent Sector, deeply concerned to both fashion a unified voice and simultaneously guard pluralism. On the one hand, the creators of Independent Sector made meaningful progress in terms of diverse representation. They brought together donors and donees; representatives from a wide spectrum of philanthropic sub-sectors; and organizations and leaders with a greater degree of gender, and to a lesser extent racial and religious diversity than their predecessors. Furthermore, a few individuals interested in promoting social justice and giving voice to marginalized constituencies had opportunities, even if limited, to express their concerns.

On the other hand, structurally, via decisions such as board composition and organizational membership, IS represented powerful foundations and large donees. Not surprisingly, their interests would dominate the agenda as IS rallied around the lowest common-denominator of sectoral self-interest: the charitable tax-deduction and government relations. In a period of perceived threat from government, independence was the key for many who formed and named *Independent Sector* (emphasis added). Either replacement of nonprofit organizations by government social service provision or loss of philanthropic autonomy due to government intervention and control were their great fears. Yet, the aspirations for independence from government oversight masked the dependence of the sector on, or relative control of the sector by, traditional centers of wealth and power in philanthropy. By contrast, responsiveness to societal injustice and voice for the marginalized were at the heart of philanthropy for the likes of the National Council on *Responsive Philanthropy*, as well as the Donee Group and the Center for Community Change (emphasis added).

Forty years removed from this important milestone in the history of U.S. philanthropy we continue to struggle with the concentration of wealth and power among the elite of the sector. Goss writes about "policy plutocrats" whose wealth is used to quell "political dissent and other minority viewpoints," and to channel "activism into organizations unlikely to change existing power structures."⁹⁹ Similarly, in *Winners Take All*, Giridharadas points to deeper structural questions of wealth and philanthropy. He writes that our "elite-led change is well-meaning,

⁹⁸ "To Preserve an Independent Sector" DRAFT Organizing Committee Report as Revised October 24, 1979, Box 1/Folder 7, Independent Sector Records, 1971–1996, IUPUI Archives.

⁹⁹ Goss, "Policy Plutocrats," 443.

but inadequate. It treats symptoms, not root causes.”¹⁰⁰ The words of Goss and Giridhadas, as well as many other modern commentators (see footnote 2), could largely apply to the birth of Independent Sector. The conversations had and decisions made at the founding of this philanthropic pioneer illustrate the persistence of structural power and the preservation of status quo. What did greater sector unity mean? Among other things, it meant that the same sorts of voices who had dominated philanthropy since at least the early 1900s continued to exercise hegemony. Despite meaningful progress in several areas, Independent Sector’s structure codified representation and voice, and thus power, for those who already had it: elite wealthy foundations and large establishment nonprofit organizations. Had IS been open to a broader constituency and had it wrestled with critiques of philanthropy as opposed to taking a highly defensive posture, we may very well have been in a better position today with a more democratic and responsive philanthropic sector.

100 Giridharadas, *Winners Take All*, 7.