BEHIND THE CURVE: PHILANTHROPY REVISITED

Some Reflections and Suggestions
From
John Cowles, Jr.

Louis W. Hill, Jr.,
Fellow in Philanthropy

Hubert H. Humphrey Institute
of Public Affairs
University of Minnesota

April 2006

DISCLAIMER: The following is offered not as a work of scholarly research but as the product of reading, talking and thinking—especially thinking—about fifty years of working in and around nonprofits, foundations, governmental bodies and for-profit business organizations. My apologies to anyone whose thoughts I have inadvertently mangled.

Errors of fact and history are attributable to my failing memory, never-enough-time or laziness. Questionable and controversial opinions, values, appraisals, judgments and predictions may be ignored at the reader's peril—or embraced and promulgated as the reader's own.

SUMMARY

Contrary to the conventional mindset, the human species is still at an early stage of its potentially long evolutionary career here on Earth. Now, within the past 60 years, our species has learned how to influence its own future genetically, psychopharmacologically and environmentally, as well as how to destroy itself. And the rate of change in our lives is accelerating as other technologies engendered by science are overwhelming our social mores and governmental arrangements. This environment of accelerating change is provoking counter reactions in search of phantom permanence, but acceptance of impermanence and readiness to adapt are primary survival skills for our species.

The nonprofit sector is the only sector in America potentially agile and unselfish enough to prod the general public and government into adapting public policies to this changing world. Consensus will not come easily. To play its role effectively, the nonprofit sector must reform itself, most notably by initiating some minimum federal standards of behavior and by limiting the lifespan of private foundations to 25 or 30 years so that emphasis is on accomplishment, not process and perpetuation. Nonprofit organizations and foundations should develop new methods and skills to talk loudly, often and directly to the American public. The nonprofit sector can not by itself provide the safety net to offset inadequate public policies, but despite controversy should advocate bold changes in public policy to cushion the human species from self-inflicted harm.

SECTION ONE: CONTEXT

When Sage and I accepted this fellowship, we each decided to define "philanthropy" the way the Greeks did: "love of mankind." We both wanted some conceptual elbow room. For me, a consideration of anything must include its history and context. The context of mankind is planet Earth, and the beginnings of mankind and what we call life can be understood only in the story of planet Earth, which takes us back to the theory of the Big Bang.

The Big Bang is estimated to have occurred some 13.7 billion years ago when all matter/energy in our Universe was contained in a tiny speck that exploded. Our Universe is still expanding. We do not know whether this expansion might someday stop, reverse and begin contracting back into a tiny speck again. If that were to happen, then "our" Big Bang might be only one in a very long series of expansions and contractions.

But one Big Bang is sufficient for our purposes today. We need not digress into theories of time or simultaneous or multiple realities or other such notions. I grew up using a slide rule with three-digit accuracy sufficient to build the Golden Gate, Hoover Dam and the Empire State building.

Now 13.7 billion is a very big number but not incomprehensible. The after-tax earnings of Exxon Mobil Corporation last year were about $36 billion, while total expenditures by the state government of Minnesota were about $23 billion.

The following numbers are approximations and estimates, and scientists are not in complete agreement as to the exact paths and processes by which we got from the Big Bang to today. What's important is a sense of relative magnitude, sequence and relationship. Here is one version of the story since the Big Bang:

PAST

13.7 Billion years ago	Big Bang
4.5 Billion years ago	Sun and Earth and Solar System form
3.8 Billion years ago	"Life" begins on Earth in the form of microscopic "bacteria" feeding and depositing within an interactive biosphere of oceans, crust and atmosphere, with frequent extrusions from the planet's molten core.

****

450 Million years ago	Plants begin to colonize land, followed by small bugs (crustaceans) emerging from the oceans
65 Million years ago	Dinosaurs and 90 percent of land species extinguished (cause or causes uncertain)
40 Million years ago	Current Ice Epoch (consisting of many ice ages) begins
7 Million years ago	Drought caused by an ice age thins the forests of southern Africa, forcing hominids to come down from the trees and walk across the savannas to the next clump of trees, thereby becoming upright and bipedal and freeing the hands for uses other than locomotion.
1.8 Million years ago	Homo erectus: use of tools, camp sites, larger brains, care for the frail, losing body hair, speech? Migrations out of Africa to Eurasia
1.0 Million years ago	Controlled fire

****

200,000 years ago	Anatomically modern Homo sapiens in Africa
70,000 years ago	Small migrations of Homo sapiens out of Africa (0) to Middle East and India and eventually to all continents. Homo erectus begins to disappear and no consensus yet as to why.
50,000 years ago	Homo sapiens in Australia
40,000 years ago	Homo sapiens in Central and SE Asia, China
35,000 years ago	Homo sapiens in Europe; some clothing?
25,00 years ago	Homo erectus almost all gone

20,000 years ago	Peak of most recent ice age: 30 percent of Earth's land area under ice (compared to 10 percent today)
17,500 years ago	Homo sapiens into Western Hemisphere (over Bering land bridge because the ice age had lowered sea levels)
10,000 years ago	Most recent ice age ends
4,000 years ago	Earliest cities; beginnings of contemporary religions
550 years ago	Printing from movable type
200 years ago	Steam engine: railroads, ships, factories
100 years ago	Internal combustion engine: cars, airplanes, electricity

PRESENT

Television, cell phones, computers, the internet, nuclear weapons, genetic manipulation, psychopharmacology. We are now living in an "interglacial" period between ice ages.

FUTURE

5 Million years from now	Current Ice Epoch ends after an estimated 50 more ice ages

****

2 Billion years from now	Steadily warming Sun makes Earth inhospitable to humans
5 Billion years from now	Sun swells, incinerates Earth.

Thirty-five years ago a British biochemist, James Lovelock, after studying for the Jet Propulsion Laboratory in California the possibilities of life on Mars, proposed the hypothesis that the biosphere and molten core of Earth comprised a single, self-regulating and homeostatic organism which he called Gaia, after the Greek goddess of the Earth.

In Gaia, everything is related to and affects everything else (shades of Werner Heisenberg's proposition in physics that the very act of measuring a system disturbs it).

Chaos theory also emerged in recent decades and has as its best known example the butterfly whose wing-beats in a Tokyo garden contribute some days later to a hurricane in the Caribbean.

After World War II but before Chaos theory, Cargill, the international grain and commodities trading company based here in Minnesota, tried with others including General Electric and various elements of our military to improve weather forecasting and even sought to "control" the weather by various means including seeding clouds with precipitants. Success was minimal. We tried again during the Vietnam War to make it rain so as to render the Ho Chi Minh trail impassable. In 1996 a panel of Air Force officers wrote in a white paper for their chief of staff that "weather-modification offers the war fighter a wide range of possible options to defeat or coerce an adversary" (1). But Gaia is too complex, has too many moving parts, for us to predict or manage the specific future behavior of any one part…at least for now.

So what are the lessons to be drawn from this quick flyover of our relatively brief human existence to date? Here are some:

As a species, Homo Sapiens is just beginning its potential career on Earth—if we don't muck things up. Ironically or optimistically, "sapiens" means "wise" in Greek. Ian Tattersall, curator of anthropology at the Museum of Natural History in New York, says "One of the hardest ideas for humans to accept is that we are not the culmination of anything." (2)

As a species, we have evolved this far in large measure by chance. Tattersall continues: "There is nothing inevitable about our being here. It is part of our vanity as humans that we tend to think of evolution as a process that, in effect, was programmed to produce us." However, we are here now, so what are some of the next possible stages of our evolution here on Earth? (Colonizing some far-distant planet orbiting a star outside our solar system is a theoretical possibility, of course, but we are a long way from the science and applied technology of that kind of space-and-time travel. In any case, merely transplanting the human species to elsewhere in the universe would not simplify the issues facing our species.)

What is new and hugely important is the development within the past 60 years of human capacities to (a) alter the physiology of our species and other species through genetic manipulation; (b) alter our brain function through psychopharmacology; (c) alter or destroy our species through so-called weapons of mass destruction; and (d) alter or destroy our species by forcing changes, intentionally or not, within the equilibrium of Gaia. In short:

- **Mankind as a species is still in a very early stage of its potential evolution.**
- **Factors outside of mankind's understanding or control—as well as sheer chance—will continue to play large roles in mankind's future evolution.**
- **But mankind now has the ability to influence its own evolution as well as destroy itself as a species.**

Homo Sapiens may be the most complex and self-aware of the species in Gaia, but we are still only one of many and a vulnerable latecomer at that. We need Gaia—the rays of the sun, the air we breathe, the water we drink, the food we eat—but it is not at all clear that Gaia needs us, the human species.

SECTION TWO: THE PROBLEM

The big problem for Homo Sapiens is that the discoveries of science and the technologies they engender are coming at us faster than we are adapting our social mores and economic and governmental arrangements to harmonize with those technologies. For better and for worse, human curiosity and the allures of capitalism are probably too powerful for us to halt or even slow the onrush of new technologies.

The genie is out of the bottle, and we are not going to padlock our laboratories and libraries as in "Planet of the Apes." The difficulties are compounded, at least for a while, by significant migrations of peoples into disparate cultures, leading to the challenges of developing harmonious multicultural societies.

So we shall have to re-envision—constantly—what constitutes the good person and the good society in the midst of accelerating rates of change in both technology and culture. Consensus will not come easily. Many new ideas, values, relationships and standards will be initially offensive or upsetting to many different sectors of the population.

Thirty-five years ago the Menninger Clinic was to psychiatric medicine what the Mayo Clinic is to physical medicine, and the Menninger taught that all change involves a sense of loss. All change. No exceptions. Winning the lottery, getting out of jail, getting married—all involve a sense of loss. In reaction, many of us will try to block the change and, as we feel the ground shifting beneath our feet, reach for and elevate that which seems permanent and eternal. (Or increasingly reach for the bottle of anti-depressant pills.)

The current renaissance of interest and intensity in formal religions such as evangelical Christianity and Islam, and more broadly in all matters spiritual is, I think, a reaction to the growing feeling, conscious or unconscious, that too much in our lives is growing unstable and unpredictable. But permanence, predictability and eternity are not characteristics of our species, of the Earth or even our universe.

Learning how to cope with seemingly rapid change and learning how to accept

- impermanence
- uncertainty
- ambiguity
- relativity
- ambivalence
- anomaly and
- paradox

in our lives, whether we like it or not, are survival skills for our species. The slow learners are left behind or, like Home Erectus, simply disappear.

The English poet Percy Bysshe Shelley described it so (3) about the time of Queen Victoria's birth:

> I met a traveler from an antique land
> Who said: Two vast and trunkless legs of stone
> Stand in the desert. Near them, on the sand,
> Half sunk, a shattered visage lies, whose frown
> And wrinkled lip and sneer of cold command
> Tell that its sculptor well those passions read
> Which yet survive, stamped on these lifeless things,
> The hand that mocked them and the heart that fed;
> And on the pedestal these words appear:
> "My name is Ozymandias, king of kings:
> Look on my works, ye Mighty, and despair!"
> Nothing beside remains. Round the decay
> Of that colossal wreck, boundless and bare,
> The lone and level sands stretch far away.

SECTION THREE: WHAT NONPROFITS AND FOUNDATIONS NEED TO DO OR DO MUCH MORE VIGOROUSLY

In the United States the nonprofit sector has grown in recent decades into a very substantial part of the measured economy. About ten percent of the total workforce is now employed in the nonprofit sector; about 16 percent in the public or governmental sector; and about 75 percent in the private or business sector. Within the nonprofit sector, about 42 percent are employed in health services; about 22 percent in education/research; about 18 percent in social and legal services; about 12 percent in religious organizations; about four percent in civic, social and fraternal organizations; and about two percent in arts, culture and foundations (4).

The number of nonprofits with at least one employee, registered to do business in Minnesota, has grown from 360 in 1967 to more than 4,800 today, plus another 1,100 with no employees. Last year Minnesota nonprofits spent about $22.4 billion, almost exactly as much money as did the state government of Minnesota, with nonprofits devoting about 87 percent of their expenditures to program services; 12 percent to management and general; and one percent to fundraising (5).

The nonprofit sector includes private foundations, comparable to endowments or banks, and public charities such as hospitals, colleges, food shelves, orchestras and homeless shelters. Public charities and foundations play various roles:

(a) as contractors or grantees, providing essential services which are paid for mainly or partly by government (e.g. some health care, some human services, some elementary and higher education);

(b) funding or providing services deemed beneficial but not essential, and which are paid for by government only marginally or not at all (e.g. most religious and arts organizations, environmental and conservation organizations, much of higher education, many human services organizations); and

(c) funding and/or providing analysis and advocacy of change in public policies, public priorities and public perceptions.

It is this third role of analysis and advocacy which deserves our special attention, because in my judgment American nonprofits as a whole, and foundations in particular, are ignoring, minimizing or avoiding this role which most of them could and should be playing in the formulation of public opinion and public policy.

In an environment of rapid change, only the nonprofit sector, I think, can be both agile and unselfish enough to prod the public and government into changing our public policies to fit this changing world. The for-profit sector, business, often anticipates and reacts much more nimbly than anyone else but not always in ways that are beneficial to the entire community. And while I personally value public service as the highest of callings, the public sector—like the general public—is peopled more by followers than by leaders. This is especially true for elected officials and legislators, which is one reason the public sector is so slow to change its behavior and anticipate or prevent or experiment.

Timidity in the face of public opposition, of course, is understandable; but leading public opinion, except by stimulating fear, is not a strong suit for most public officials. (And even repeated cries of "wolf" soon become just elevator music.) More public officials—and more nonprofits—should accept the risks of leadership. The alternative is easy drift until—surprise!—we are overtaken by events foreseeable and avoidable. The events of September 11, 2001, were certainly dramatic, but should not have been a shock to anyone paying attention to what is going on in the rest of the world.

Speaking up will be controversial for nonprofits and foundations. Many will be leery of seeming to bite the governmental hand that feeds them. But if public officials and legislators will not listen, then nonprofits will have to present their case directly to the public. Because many nonprofits are so accustomed to worry only about their immediate mission, it will be hard for their staffs and boards to expand the scope of their thinking. But they must look up, look around and look ahead if their role is to be more than a temporary finger in the dike. Tunnel vision helps today but harms tomorrow.

Few problems today have simple answers. In Gaia, to fix anything, you change a lot of things: some for the better, some worse. Nevertheless we must think systemically in tackling anything. More cops on the street will help reduce violent crime somewhat, but will do little to reduce the creation, by other factors, of encouragements toward criminal behavior.

Consider elementary education. Clearly, much of the "solution" lies outside the classroom and outside the schoolyard: parental involvement, stable home life, good nutrition, adequate exercise, adequate health care, jobs, housing, transportation, day care, etc. No one nonprofit can take on all of these influences on the outcomes of elementary education, but all nonprofits whose work bears even indirectly on K-12 can support analysis and advocacy by other nonprofits working on other parts of that system.

Collaboration among nonprofits can increase their effectiveness and impact, both in achieving results and in public advocacy.

Perhaps one reason we have difficulty thinking organically or systemically is that in beginning science classes we are taught to hold all the variables constant except the two whose interaction we wish to observe. Or in history class many of the significant variable factors are marginalized or ignored to avoid complexity. Unfortunately, it is easier to think of merely one cause producing one effect, but such thinking is often not very helpful. So an organization in the nonprofit sector, in addition to speaking out about public policy in its particular area of experience and expertise, should also speak out about the larger public policy system within which it is operating.

In rhetoric the word "synecdoche" means a part used to represent the whole, as in "Have you got wheels?" meaning "Have you got a car?" Our use of the phrase, "the economy," these days is a good example of synecdoche, as if a rise in gross domestic product or the stock market meant heathier, happier children or fewer failed marriages or less mercury in the drinking water. We use economics to represent our whole life because it is easy and because we are so preoccupied with the acquisition and consumption of material goods and services for presumed status and self-esteem. We measure and quantify tangible things in hopes of managing them, and this "science" of economics has developed extraordinary mathematical models to predict human behavior in the material world. But the models are not very good at predicting human behavior, even that of large groups, because economics largely ignores the intangible, the immaterial, the spiritual. Yet these are what drive us at least as much as material needs and desires.

How do you measure the value of a parent raising a child, caring for an elderly relative, volunteering at the abuse shelter or library, going to church, cheering when your team wins, failing to find a job, walking ten miles every day in Darfur for a bucket of drinking water? We have barely begun to measure the morale of our communities or distant cultures. And yet morale—a term associated mainly with smaller units of the military—is a far better predictor of success than weaponry or export sales or gross domestic product. The advantage conferred by the English longbow or gunpowder has been very brief in the history of our species.

The measurements of intangibles can be done or approximated or just estimated, but they have not yet found their way into the equations used to set public policy. Indeed, David Brooks of "The New York Times" has apparently just discovered (6) that people are not merely rational profit-maximizers, but think, feel and behave according to the culture of values in which they live. Material considerations are only part of any culture, which helps explain the behavior of suicide bombers in Palestine or American middle class voters'

facilitating the transfer of wealth from themselves to a much smaller number of already rich people. Tom Friedman of the "New York Times," meanwhile, has discovered (7) that the Texas oil culture permeating this Administration is undermining his—and my—dream of a less-oil-reliant, stable and progressive Middle East less hostile to the developed nations and other cultures of this world.

Culture is a handy word for a total system of values, history, experience, behaviors and beliefs all intertwined with a particular material environment. To think that the material components, the measurable economics, of a culture or people represents the whole of that culture or people, is misleading and harmful to the formulation of public policy for both neighborhoods and nations. Back in the 60's, Janis Joplin used to sing, "Freedom's just another word for nothin' left to lose" (8). Some residents of New Orleans these days may or may not feel freer than before Katrina, but Janis' "freedom" is not what today's White House means by "freedom."

But enough of culture and economics for now. To be effective at influencing public opinion, the nonprofit sector must clean up its act and be able to present itself to the public as Caesar's wife: above suspicion.

SECTION FOUR: SOME NEEDED REFORMS

The nonprofit sector, and especially the private foundation component thereof, has become too big and important in our society to escape any longer the kind of consistent and sometimes ardent public scrutiny to which we try to subject government and business. In government we have the separate branches usually wrestling with each other, and every two or four years some of the voting citizenry pay at least cursory attention. In between and during elections myriad "special interests" patrol the corridors of power. Business has its customers, employees, suppliers, stock analysts, unions, competitors, government regulators, plaintiff's lawyers and sometimes even the media, etc. watching one or more aspects of its behavior. But nonprofits, especially foundations, have no such drumbeat of rude and fearless scrutiny.

Yes, various governmental and professional bodies set standards for and even inspect certain operations of many public charities. But nobody is consistently looking at overall performance and behaviors within this huge nonprofit sector, or setting some modest general standards. Currently more than 1.4 million non profits are registered with the Internal Revenue Service, but only 577,000 file with the IRS a Form 990 that describes in some detail their finances. The other 841,000 nonprofits are either too small (less

than $25,000 annual gross receipts) and not required to file, are churches and religious organizations not required to file, are registered but not yet approved and required to file, are included in a "group exemption" filing, are delinquent or are—unknown by the IRS—defunct. (These last two categories, delinquent and defunct, would illustrate the relatively low priority understandably given to nonprofits by the underfunded IRS.) The 577,000 nonprofits filing Form 990 reported assets of more than $3 trillion, including $435 billion owned by 78,000 private foundations that filed. Another 26,000 private foundations were registered but had not filed within 24 months of January 2006 (9).

Yet the only significant federal agency overseeing this huge nonprofit sector is the IRS! Compare that to the multiple agencies within the federal government working with the for-profit business sector: Federal Reserve, Treasury, Commerce, Agriculture, Labor, Interior, Transportation, HUD, Anti-trust Division (remember that concept?) at Justice, Federal Trade Commission, FCC, ICC, SEC, NLRB, OSHA, Council of Economic Advisers, Small Business Administration, all the various federal insurance agencies, the president's Special Representative on Trade, etc. At the state level, only 37 of the 50 attorneys general are even trying to keep track of what's going on with their nonprofits. And remember, about ten percent of the total workforce is employed in this nonprofit sector.

If the nonprofit sector is to play a much more active and effective role in helping shape public policy, foundations and nonprofits must become much more transparent and accessible to the public, must demonstrate consistently their concern for both the general as well as a specific aspect of public well-being, and must openly seek to earn and keep the public's trust. The nonprofit sector must be perceived as an assemblage of periodically scrutinized institutions which the public and government can rely on to do what they have been given taxpayer money to do.

And so, despite being the son, grandson and great-grandson of some pretty staunch Republicans (10), **I recommend the creation of a new federal Nonprofits and Foundations Commission with staff adequate to oversee the nonprofit sector.**

This commission should hold hearings, issue regulations, make recommendations to Congress, and take over from the underfunded and undervalued IRS the job of certifying and decertifying non profits. To reduce political pressure, I recommend a nine-member commission with each member appointed by the president and approved by the senate to serve only a single nine-year term, so there would be one new member every year. The position of chairman should pass each year to the member serving his seventh year on the commission

This new NFC should, among other actions, specifically (11):

- limit compensation to $10,000 per year for board members and trustees except for reimbursement of expenses related to meetings and other appropriate duties (and no meetings in Hawaii or Puerto Rico unless you have a really good excuse or are domiciled there!). The highest fee I have yet seen is $750,000 paid to each trustee of the Kimbell Art Foundation of Fort Worth, TX. Trustees of the Annenberg Foundation of Radnor, PA, have been paid $500,000 each for a year's service (12).
- bar paid staff from board membership and voting.
- reclassify the historical IRS categories of nonprofits into sensible categories so that apples are not mixed with oranges.
- require all churches, temples and faith-based organizations claiming tax- exempt status to register and file Form 990 with the IRS, except those with annual gross receipts of less than $25,000.
- revoke the tax-exempt status of charities spending more than 30 percent of their receipts on fundraising and administration, except possibly for a few start-up years.
- for private foundations, allow only one half of administrative expense and overhead in calculating the mandatory annual payout of five percent of market value of assets, to keep such expenses lean.
- treat and tax donor-advised funds and Type III supporting organizations as private foundations.
- require all public charities and private foundations, above a certain size, to have a board of directors or trustees of at least nine members, at least four of whom or 45 percent shall be selected from time to time by the other five or 55 percent from a panel of volunteers nominated by the governor or president of the state university or mayor of the largest city of the state in which the nonprofit is domiciled; and to establish term limits or rotation, or both, for all directors or trustees.
- require all nonprofits including private foundations to issue simple annual reports for public consumption with no more than four pages of financial statements and footnotes, two pages devoted to describing board members and key staff and their compensation, and four pages devoted to mission and program.
- require all nonprofits including private foundations to apply for recertification every ten years.

I also recommend that the legal life span of private foundations be limited to 25 or 30 years. There are about 78,000 private foundations whose assets total about $435 billion (9). About 20,000 of these private foundations have assets of $1 million or more, or annually make grants totaling $100,000 or more (13). The Gates

Foundation is the largest in the U.S., with assets of about $28.8 billion and grants totalling $1.3 billion in 2004. The Ford Foundation is second with assets of $11.6 billion and grants totalling $512 million in 2005.

I would start the 25 or 30 year clock running today for existing private foundations as well as for each new foundation as they are certified for tax-exempt status. My reasons are: (l) private foundations can be nearly invisible if they wish, are subject to almost no scrutiny and are accountable to almost no one except, very remotely, the IRS and their state's attorney general, if he or she is interested. (2) private foundations, unlike other nonprofits and all of business in the private sector, are not forced by changing externalities to keep reinventing themselves. (3) limited lifespans for private foundations would encourage board and staff to move on their mission with all deliberate speed and expend minimal time and energy on perpetuating either corpus or jobs. (4) limited life spans also might encourage trustees and staff to take more chances and be less fearful of failure or controversy. (5) **we don't often talk about it on the Fourth of July, but money equals power in our society; and giving perpetual life to large pools of capital and the people who control that capital is inherently undemocratic.**

I have nothing against the accumulation of capital. Quite the opposite: I am a happy beneficiary of such accumulations! I regard opportunities to accumulate capital as a necessary incentive in a well-regulated capitalist economy although I think CEO compensation has gotten crazy in the last 20 years. But I am opposed to large pools of capital living on and on in private hands generation after generation, because I believe such perpetual pools of capital go against the spirit and intentions of the republic we began in 1787 and have been trying to perfect ever since.

For the same reason I am strongly opposed to reducing or eliminating the federal estate tax or the Minnesota inheritance tax. Large pools of capital, whether in the hands of private individuals or private foundation trustees, and the power that accompanies those pools of capital, should quite promptly—after about a generation— begin recycling back into the public treasury or into public charities.

The federal estate tax today applies only to those estates larger than $2 million; and only about 15,000 estates, or fewer than one percent, will be affected this year. In 2009 only estates larger than $3.5 million will be taxed. Contrary to the propaganda, most farmers and small-business owners and their heirs can relax. What's more, full repeal of the present estate tax law today would cost the Treasury an estimated $70 billion per year. If the federal government continues running at a deficit for the next ten years, which

would mean the government would have to borrow and pay interest (selling treasury bonds to the Chinese) to cover the cost of the lost tax revenue, the full ten-year cost of repeal would come close to $1 trillion (14).

Not incidentally, I was appalled last fall to read that some trustees of large private foundations were ordering their foundation executives to remain silent and not oppose the Administration's proposed repeal of the federal estate tax, even though repeal would likely lessen the flow of bequests to their own foundations. The trustees' motive, presumably, was to escape an estate tax on their own personal estates! If true, what a violation of fiduciary duty!

The present federal estate tax, with a top rate of 46 percent this year and 45 percent next year on that portion of an estate above $2 million, would, if the stock market stands still, cut larger estates about in half every generation; although history says the stock market does not stand still. Multiplicity of heirs, however, does help divide the money into smaller pools, or puddles.

Since there is no estate tax on a private foundation's assets, I strongly favor at least terminal grants to disburse those assets and dissolve the foundation after 25 or 30 years. That's long enough for trustees to decide what needs doing—and then do it!

SECTION FIVE: SOME OF THE PUBLIC POLICY ISSUES NOT YET BEING ADDRESSED ADEQUATELY BY ANYONE

Here is a sampler of the issues I wish the nonprofit sector were tackling more aggressively—and these are all relatively short-range issues. I do not know enough about genetics and the brain and brain chemicals to even ask the right questions. Other important issues involving the environment, foreign policy, health care, etc. have entered the arena of general public consideration, though not yet resolution to the next stage.

1. The failed "War on Drugs." Have we learned nothing from our own history? "Prohibition" was tried and failed in America from 1919 to 1933, but at least we didn't damage Columbia that time.

2. We want African-American descendants of slavery to be fully and fairly a part of the mainstream of life in America. How is that to be achieved?

3. Ditto for American Indians.

4. Immigrants: do we want them or not? Ground rules?

5. Prison: do we care what happens behind bars?

6. Life sentences for sex crimes as well as for murder?

7. What happens when every seat in the 435-member U.S. House of Representatives becomes a "safe" seat?

8. The European Union has a waiting list of applicants to join, but nobody in the Western Hemisphere seems eager to join the U.S.A. Not even Puerto Rico. How come? What's the EU got that we haven't got?

9. Haiti.

10. The United Nations: what do we want it to be and do? How do we help achieve that?

11. The meaning of "national sovereignty" in a globalized world?

12. The World Court: why are we so afraid of it?

13. If we had universal health care paid for by the federal government, what illnesses and procedures might it cover? Up to what ages? What might it cost? How would it differ from the plans of Canada and European nations?

14. The G.I. Bill after World War II sent millions of American veterans through college at federal expense, and changed American expectations. What would it cost now to re-energize America by sending at federal expense every high school graduate to college who could get in? Why aren't American college and university presidents and trustees calling for this? Why are we instead making it tougher for college students to get or pay off their student loans? Isn't everyone saying we're in competition with the rest of the world?

15. This one is for our offspring: the arrogance of burying nuclear waste in Yucca Mountain, Nevada, and on Indian reservations, or shipping it to West African nations. The stuff is toxic to humans for up to 100,000 years in the future. Can we really see that far ahead? 100,000 years ago in the past, Homo

sapiens had not yet left Africa. Are we certain the Earth's crust and molten core and tectonic plates and earthquakes and volcanos will stand still that long? Why not just keep nuclear waste where it is in its present steel casks which can be changed every 50 or 100 years or so until we know more?

16. And a final one for all of us: why have not we and the Russians destroyed our huge stockpiles of 10,000 nuclear warheads down to the lowest possible level needed for parity with any future conceivable threat, say, 200 warheads each. Do we need more than that against Iran? North Korea? China? France? Israel? Pakistan? India? Great Britain? Brazil? Venezuela? OK, worst scenario, maybe 250 warheads each for us and Russia…but remember, the fewer warheads, the less likely that some of them will fall into the wrong hands. Someday, with trusted and reliable international inspection (including inspection of our own military), we might even eliminate nuclear warheads entirely. Ditto chemical and biological weapons. The key is trust.

SECTION SIX: QUESTION ORTHODOXY! CHALLENGE THE STATUS QUO! MAKE MORE NOISE! LEAD!

Sometime around World War II the comic strip "Dick Tracy," whose hero was a clean-living detective who always got the criminal but never quite seemed to get the girl, featured on Dick Tracy's arm a "two-way wrist radio." Every time he used it, the device was identified as a "two-way wrist radio." Such a thing might possibly have been already invented in some laboratory, but it certainly was not in general circulation like cell phones and iPods today. The creator of the comic strip simply figured the "two-way wrist radio" or something like it was coming soon.

I wish the nonprofit sector in America today were thinking ahead that way. Not only thinking ahead, but telling the American public and their public officials in clear, loud messages what needs to be changed or anticipated in public policy today.

Money is not the problem. Those who say we can't raise taxes without ruining the economy don't know their history. For the last three years the top federal income tax rate for individuals has been 35 percent. But from 1946 to 1963 the maximum effective rate ranged between 77 percent and 89 percent. From 1964 to 1981 the top rate ranged

between 69 and 77 percent. From 1982 to 1986, 50 percent. During most of the 90's the top rate was 39.6 percent. Now it is 35 percent for individuals (15).

The top rate for the corporate income tax from 1951 to 1964 was 50-52 percent; from 1965 to 1978 was 48-52.8 percent; from 1979 to 1986, 46 percent; from 1988 to today, 34 or 35 percent (16). There is plenty of room to raise both individual and corporate income tax rates from their present low levels without harming the economy. The same is true at the state level…

Taxes are simply the prices we pay for the quality and quantity of governmental services we want: federal, state, local. You want low taxes, go to Mississippi—or Haiti. You want good government, schools, health care, music—come to Minnesota, we used to say. In 1973 our governor didn't make the cover of *Time Magazine* for catching a fish, but for dramatically increasing state aid to schools.

Trying to shrink the public sector, or starve it into impotence, is a fool's errand. The public sector will continue to grow in numbers and budgets over time because of (a) population growth, (b) the introduction of new technologies into our lives which we want but which complicate our lives and require umpires, coaches, cops and technicians; and (c) multiculturalism, which for the next few generations at least will further complicate, and enrich, life for all of us. When the City of Minneapolis mails out its "Snow Emergency" parking rules to every household in the city in seven languages (17), you know that multiculturalism has come to Lake Woebegon.

The nonprofit sector should not be expected to provide a "safety net" of human services for people under-served, neglected or ignored by the public sector. The nonprofit sector does not have that capacity, nor would it be an appropriate role. When government fails to serve adequately the poorest and weakest members of society, the nonprofit sector should tell it so, and tell it to the voters loud and clear.

To speak out effectively to the public, nonprofits and foundations will have to figure out new ways to communicate with and inform the public. Newspapers, public television, public radio, commercial television and magazines should all report the work and findings of nonprofits and foundations more consistently, but nonprofits and foundations will have to take the initiative. The internet can help. In

funding or starting a project or operation, nonprofits should allocate a significant portion of grants or budgets to reporting and publicizing progress and results. I suspect too many nonprofits, especially foundations, think it is bad manners to report loudly to the public. But how else can the public learn?

I also think nonprofits and foundations should not worry so much about being perfect, never making a mistake or a bad grant or designing a project poorly. Nobody likes mistakes or failures, but they happen to everybody. Scientists learn as much from their failures as from their successes, and so can the rest of us. Ideally, the nonprofit sector will build working models that the public sector can adopt and implement on a large scale.

Chuck Denny, former CEO of ADC Telecommunications and a thoughtful citizen, recently wrote the following (18) in the StarTribune:

"I am deeply concerned about the failure of our business and government leaders to deal with the decay of our public infrastructure, with the dismal performance of our public school systems, with the tragedy of 40 million uninsured citizens whose health is important to us all, with the inexorable destruction of our environment, with the widening disparity between the rich and the poor, with the growing influence of special-interest lobbyists on Congress, and with an impending fiscal crisis, exacerbated by needless tax cuts for the wealthy, that can bring our nation to its knees.

"These problems will be undeterred by the walls of the gated communities in which our leaders live. In time, they [these problems] will affect the quality of life of every citizen, rich and poor.

"A healthy society values and involves the leadership of its diverse constituencies rather than relying solely on those in the political sector."

The nonprofit sector has become a major constituency in our society, and I hope that many leaders within the nonprofit sector—trustees and staff alike—along with their counterparts in business and government, answer Chuck Denny's call. Present law provides plenty of leeway for nonprofits and foundations to play a much larger and more visible role in the formulation of public policy. What's needed is imagination and will.

And now that the human species, as a practical matter, can choose how to try to affect or alter its own evolutionary destiny, the stakes for energetic and imaginative

leadership are higher than ever before in our short human history. Homo sapiens will need all the help it can give itself!

In his famous poem, "Ulysses," Alfred, Lord Tennyson, described the attitude we need:

> "…Yet all experience is an arch wherethrough
> Gleams that untravelled world, whose margin fades
> For ever and for ever when I move…
>
> "And this gray spirit yearning in desire
> To follow knowledge like a sinking star,
> Beyond the utmost bound of human thought….
>
> "…Come, my friends,
> 'Tis not too late to seek a newer world…."

—THE END—

APPENDIX ONE: THANKS AND ENDNOTES

I am more than grateful to the faculty and staff of this Humphrey Institute for their courtesies in welcoming Sage and me into their world, which I hope I never quite leave. Most particularly do I thank our mentors, Melissa Stone, director of the Public and Nonprofit Leadership Center, and Marsha Freeman, Senior Fellow; and our research assistant, Daren Nyquist, a graduate student of many talents.

Many new and old friends and acquaintances contributed to my thinking, though all are free to deny any complicity. Here are some of them:

Ellis Bullock of the Grotto Foundation
Emmett Carson of the Minneapolis Foundation and formerly of the Ford Foundation
Rich Cowles of the Charities Review Council
Humphrey Doermann, formerly of the Bush Foundation
Kathleen Fluegel of the HRK Foundation
Hazen Graves of the Faegre & Benson law firm
Larry Jacobs of the Humphrey Institute
Bill King of the Minnesota Council on Foundations
Reatha Clark King, the second occupant of this fellowship and formerly of Metro State University and the General Mills Foundation
Tom Kingston of the Wilder Foundation
Jay Kiedrowski of the Humphrey Institute
Jon Pratt of the Minnesota Council of Nonprofits
Rip Rapson, formerly of the McKnight Foundation and now Kresge Foundation
Ed Spencer, formerly of Honeywell and former chair of the trustees of the Ford Foundation
Karl Stauber of the Northwest Area Foundation
Joe Selvaggio, the first occupant of this fellowship, founder of Project for Pride in Living and the One Percent Club
Win Wallin of the Wallin Foundation, formerly of Pillsbury and Medtronic, former chair of the trustees of Carleton College and Caux Round Table

And best for last: Brian Atwood, the dean of this institute, who should be in the Oval Office…at least twice a week if not every day.

ENDNOTES:

0. See "The Greatest Journey—The Trail of our DNA" in *National Geographic* March 2006 for a good description.
1. Ando Arike, "Owning the Weather," *Harper's Magazine* January 2006.
2. As quoted by Bill Bryson on p. 449, "A Short History of Nearly Everything," 2003, Random House, Inc.
3. "Ozymandias of Egypt"
4. Independent Sector report, "Employment in the Nonprofit Sector," published in 2005, based on the most recent 2001 BLS statistics.
5. "Minnesota Nonprofit Economy Report 2005," Minnesota Council of Nonprofits.
6. February 19, 2006.
7. January 20, 2006, among other op-ed columns
8. "Me and Bobbie McGee."
9. IRS Exempt Organizations Business Master File, The Urban Institute, National Center for Charitable Statistics.
10. My great-grandfather, William Fletcher Cowles, a Methodist minister and ardent Abolitionist, was appointed Collector of Internal Revenue for the Fourth Collection District of Iowa in 1863 by President Lincoln for having helped organize the Republican party in Iowa in the 1850's.

    My grandfather, Gardner Cowles, who had been a country banker before he bought "The Des Moines Register" in 1903, was an Iowa friend of Herbert Hoover who, as president, appointed my grandfather to the Reconstruction Finance Corporation board in 1932 in the depths of the Great Depression. Another member of the RFC board, the function of which was to lend money to banks, railroads, insurance companies and farm mortgage associations to keep them all from collapsing, was Eugene Meyer, who later bought "The Washington Post" and whose daughter, Katherine (Kay) Graham, steered the Post through the Pentagon Papers and Watergate. Kay and I served together on the board of the Associated Press. Six degrees of separation…

    My father and Uncle Mike were instrumental in organizing Wendell Willkie's GOP nomination for president in 1940 (instead of Bob Taft) and Dwight Eisenhower's GOP nomination in 1952 (again instead of Bob Taft). I myself left the Republican fold in the Cow Palace south of San Francisco in 1964 as I listened to Barry Goldwater's speech accepting the GOP nomination. He later mellowed.
11. I am indebted to the following for helping me organize my thinking about this list of reforms: Jan Masaoka and Jeanne Bell Peters, authors of an article entitled

"What We Really Need," published in the Stanford Social Innovation Review, Summer 2005.

12. "Foundation Trustee Fees: Use and Abuse" by Christine Ahn, Pablo Eisenberg and Channapha Khamvongsa, Georgetown Public Policy Institute, 2003.
13. Foundation Center, 2004.
14. Edmund L. Andrews, "The New York Times," 14 August 2005; and Floyd Norris, "The New York Times," 9 September 2005.
15. TruthAndPolitics.org
16. World Tax Database, www.wtdb.org/index.html www.wtdb.org/index.html
17. English, Spanish, Somali, Oromo (Ethiopia and Kenya), Lao, Hmong and Vietnamese.
18. StarTribune.com, Business Forum, 15 January 2006.
19. "The Rubaiyat of Omar Khayyam" by Edward Fitzgerald.
20. In the formative years of this new adventure, the Steering Committee included Pierce Butler, St. Paul lawyer; Martin Friedman of the Walker; Roger Kennedy, St. Paul banker; Otto Silha of the Star and Tribune; Justin Smith of the T.B. Walker Foundation; Philip VonBlon of International Milling; Frank Whiting of the U of M Theater; Louis Zelle of Jefferson Bus Lines; and Lou Gelfand who staffed the enterprise with a telephone, table, filing cabinet and a "girl" in the Jade Gallery of the old Walker Art Center.

APPENDIX TWO: KNOW THE MESSENGER

John Cowles, Jr.

I was excited and flattered when my wife Sage and I were offered this fellowship.

Excited because the assignment would require me to focus on an important subject about which I thought I knew something, and might therefore have something useful to say.

Flattered because in my youth I had admired most of my teachers and had been tempted to seek a life in academia surrounded by students and teachers and scholars. I thought I had fewer than normal illusions, however, because I had a brother-in-law who was contemporaneously working his way up the tenure ladder in the English department at Harvard. But I, instead of taking the less traveled road to academia, entered the family business of newspapers, magazines and books — and most especially the Minneapolis Star and Tribune newspapers.

I was born in 1929, the year in which began the Great Depression, in Iowa where my grandfather, father and uncle were publishing a very good newspaper, the Des Moines Register. In 1935 my father led the family into buying the Minneapolis Star. In l938 my parents moved us four children to Minneapolis, and I began a lifelong love affair with this city and region of North America.

Sage, a New Yorker, similarly fell in love with Wisconsin while a student at the University in Madison. Love affairs are never static. They wax and wane, but the good ones survive thoughts of flight or exile. Sage and I eventually sampled much of the world. We could have lived happily in many other places, but have never wanted to leave Minnesota.

When the Korean War ended in 1953, after Exeter and Harvard for me and marriage while I was in the Army, we came to Minnesota to start civilian life, I as a police reporter on the Minneapolis Tribune. After fifteen years of learning the business, I took the reins from my father and for another fifteen years ran the business. Meanwhile, among other things, Sage raised our four children.

After those 30 years I left the renamed Cowles Media Company in 1983 and, feeling quite liberated from my extended family and other responsibilities, began a much more miscellaneous second career of diverse projects and roles.

I studied agricultural economics on the St. Paul campus of this university to see if there were overlooked shortcuts to saving the family farm. I couldn't find any.

I got certified as an aerobics instructor in 1989 and taught many early morning classes at the Sweatshop in St. Paul, while Sage got certified and worked there as a personal trainer.

THE LAST SUPPER

From 1990 to 1992 Sage (who was a real dancer) and I toured on and off as guest artists with the Bill T. Jones/Arnie Zane dance company in France and Italy as well as across the United States (except south of the Mason-Dixon line) in a political theater production gloriously entitled "The Last Supper at Uncle Tom's Cabin/The Promised Land." The piece was about discrimination of all kinds: racial, religious, gender, sexual orientation, age, disability, etc. The ten company dancers plus the four guest artists – plus three dozen local dancers in each of the larger cities, rehearsed as a chorus for "The Promised Land" final act—made a motley crew. Some of our friends feared Sage and I

had lost our bearings until Bill was pictured on the cover of Time Magazine and given a "genius" grant by the MacArthur Foundation.

Sage and I learned to sail our own boat, a 46-foot sloop designed by Ted Hood, in New England and Caribbean waters, a long-held dream of mine. After climbing that mountain, so to speak, we sold the boat and moved on.

We financed a movie, "Herman USA," which was really a love letter to the Upper Midwest and the values of its people. Unfortunately, among its problems, "Herman USA" opened on the day of national mourning for victims of 9/11 and promptly sank from sight.

We were firmly committed to advancing gender equity in contemporary society, especially following Title Nine in high school and intercollegiate athletics because sports are such a big deal in American culture. So over a span of 15 years, in partnership with son Jay and daughter Jane, we studied and launched several versions of a professional sports league of women's fastpitch softball teams. We sold our latest version of the league, National Pro Fastpitch, to the team owners in 2004.

The Des Moines Register was sold in 1985 and Cowles Media was sold in 1998, so then Sage and I were able to give away money in larger chunks, which meant we each began to be referred to as a "philanthropist" instead of "community activist," "former Broadway chorus girl" or "former publisher."

I did most of my work with nonprofits during my Star and Tribune years. In the 1950's my first fund-raising job was Minnesota campaign chairman for the United Negro College Fund. The first nonprofit board I joined was that of the Minnesota Civil Liberties Union whose chairman was Jack Pemberton, a Rochester (Minnesota) lawyer and chairman of the Republican party in Olmsted County. His successor as MCLU chairman was a Republican lawyer for the Great Northern Railroad in St. Paul.

GUTHRIE AND WALKER

The Guthrie Theater was my first really big nonprofit project. In 1959 I began to organize the effort to persuade Tyrone Guthrie, the great Anglo-Irish theater director, to locate his proposed repertory theater company in Minneapolis instead of in Detroit, Milwaukee or some other city competing for Guthrie. Few Minnesotans knew of Guthrie, so we needed need an aegis; and I finally found and persuaded the T.B. Walker Foundation to commit money and land for a proposed new theater next to the old Walker Art Center. When Guthrie chose Minneapolis, I led the fundraising campaign to build a

handsome new theater designed by Ralph Rapson which opened on May 7, 1963, for a season that ran through September 22. Ticket prices were $5, $4, $2.50 and $1.50. I served as the first president or chairman of the Guthrie from 1960 to 1965. (20)

I resumed active service on the Guthrie board in the l980's when Garland Wright was artistic director, and became deeply involved when the remarkable Joe Dowling succeeded Garland in 1995. I am proud to have cochaired the architect selection committee which advised Joe and the Guthrie board on the selection of Jean Nouvel to design the new Guthrie opening this summer in downtown Minneapolis overlooking the Mississippi River.

In 1960 the part-time director of the Walker Art Center was a professor of art history at the University of Minnesota named H. Harvard Arnason. Harvey not only gave me crucial help in selling the Guthrie vision to the board of the T.B. Walker Foundation but also recruited me and several contemporaries to join the board of the Walker Art Center. Later that year Harvey himself was recruited to New York to run the newly-built Guggenheim museum designed by Frank Lloyd Wright. But the Walker Art Center was hardly bereft, because Harvey had hired as a curator a young specialist in West African art named Martin Friedman. Martin was named Harvey's successor, and the Walker Art Center—like the Guthrie—was off to the races. An important factor in Martin's success was that he and his wife Mickey attracted and inspired a board of devoted young tigers like Mike Winton and Philip Von Blon.

In his 30 years as director of the Walker, Martin and his board built a new museum, expanded it, invented the Minneapolis Sculpture Garden in collaboration with the Minneapolis Park Board—all of which were designed by Edward Larrabee Barnes; then doubled the Sculpture Garden; and inspired all this brick-and-mortar with exhibitions of contemporary art and urban and graphic design, unequalled in the United States except perhaps in scale by the Museum of Modern Art in New York City. The Walker's performing arts program, begun by Martin, has few equals in the world today.

The arrival of the Guthrie and energizing of the Walker inspired a ripple effect throughout the community during the 60's and 70's. Ken Dayton and Sandy Bemis, whom I much admired, professionalized the management of the Minneapolis Symphony, increased the endowment and moved the re-named Minnesota Orchestra from Northrop Auditorium at the University to a new Orchestra Hall designed by Hugh Hardy in downtown Minneapolis.

The Minneapolis Society of Fine Arts, then the governing body of both the Minneapolis Institute of Art and the Minneapolis College of Art and Design, added the Children's Theater to its complex; and, spurred on by another visionary Dayton, Bruce, remodelled and added exhibition wings to the Institute and also modernized and enlarged the College, all designed by Kenzo Tange.

The Minnesota Opera was spun off from the Walker Art Center's new performing arts program by its curator and opera enthusiast, John Ludwig. Many other theater, music and dance companies sprang into existence or were attracted from elsewhere, as were art dealers, television production studios for commercials, advertising agencies and other enterprises related to artists, the arts, communications and the media.

It was an exciting period, much enhanced by the flowering of the St. Paul Chamber Orchestra to national status, the establishment of Minnesota Public Radio and Twin Cities Public Television, and the arrival of the Minnesota Twins in 1960 and the Minnesota Vikings in 1961, all leading up to that issue of Time Magazine in 1973 featuring on its cover a photograph of Governor Wendell Anderson holding up a northern pike and touting the "Minnesota Miracle" (a large increase in state aid to local schools and a reduction in local property taxes) and "A State That Works!."

Meanwhile, in addition to my work at the newspaper company, I kept busy in the community and elsewhere. I chaired the 1967 Minneapolis United Way campaign. I served for five years on the boards of the Minneapolis Foundation and my high school, Phillips Exeter Academy, Exeter, NH; for nine years as a director of the Associated Press, the not-for-profit news-gathering cooperative owned by most of the nation's newspapers; and for 12 years on the Pulitzer Prize board at Columbia University's school of journalism.

URBAN COALITION

When racial tensions flared in Minneapolis in 1967, four of us—Russ Ewald, who later became chief executive of the McKnight Foundation; Larry Harris of the Minneapolis School system; T. Williams of Phyllis Wheatley Community Center and I—created the Minneapolis Urban Coalition to establish a mechanism whereby African-Americans in the community could air their grievances and talk face-to-face and regularly with political and business leaders. Atherton Bean of International Milling Company was the godfather of this creation.

At first City Hall declined to participate in or even attend Coalition meetings and continued to rely on police nightsticks; but the business community, lead first by

Earl Ewald, president of Northern States Power Company, and then by Steve Keating, president of Honeywell, rose to the challenge and attended many long evening meetings in the auditorium at North High School. Steve's face would get red and his language blunt, but he never lost control or promised more than he could deliver; and the community got through that period without further damage. Eventually Mayor Arthur Naftalin, whom I liked and usually agreed with, and others at City Hall found their own ways to discuss—and to some degree ameliorate—grievances from African-American citizens.

In 1971 Sage and I moved back into Minneapolis and contributed our house and land on Spring Hill Road in Orono to a new nonprofit established by Bruce Dayton: Spring Hill Conference Center. As an early member of the Minnesota Business Partnership and the Minnesota Project on Corporate Responsibility, I attended meetings of those organizations at Spring Hill in the late 70's and early 80's. But Spring Hill's expanded accommodations were too Spartan and monastic to compete with later conference centers featuring television and telephones in every room with beds for partners, so Spring Hill now is a very difficult and beautiful golf course.

In the late 70's I served on the board of the German Marshall Fund, an American foundation based in Washington, D.C., financed by the government of West Germany in honor of George C. Marshall, Harry Truman's Secretary of State who first proposed the Marshall Plan for Europe's reconstruction after World War II. I also served briefly on the Trilateral Commission (U.S., Europe and Japan) likewise based in Washington.

Soon after I began working at the Star and Tribune my father put me in charge of the small foundation he and my mother had established to administer part of their charitable giving. After both parents had died by 1983, Sage and I and my siblings decided to disburse the foundation's assets and close it down. One of our terminal grants was to this Humphrey Institute, which caused the auditorium to be named after our parents.

After the Federal tax code was amended to permit business corporations to deduct up to five percent of their pre-tax income for charitable contributions, my father established the Star and Tribune Foundation. We managed it as a reservoir for larger grants, which enabled us to make large pledges without being constrained by annual fluctuations in the company's earnings. Whether earnings were up or down, we always contributed to nonprofits the tax-free maximum of five percent, some in grants paid directly by the company and the balance paid by the company into the Foundation. We regarded these charitable contributions as an important and strategic mechanism for building the community, and hence a major responsibility for my father and me.

THE DAYTONS

I must remark here on the public spirit and leadership of the five Dayton brothers and their wives, who almost always made my work easier and my personal life more enjoyable for the past 50 years. Don cochaired the United Hospital Campaign to upgrade the city's medical facilities, which campaign was the first major joint effort of the city's Scandinavian and Yankee leaderships. Bruce anchored the Minneapolis Art Institute, and Ken anchored the Orchestra; and both supported generously the Walker, the Guthrie, the University of Minnesota and many other institutions and causes. Wally focussed on conservation and the environment, while his wife Mary Lee revitalized the downtown YWCA. Doug led the renewal of the Minneapolis YMCA. Ken's wife Judy has been a mainstay of the Walker, the Orchestra and the Minnesota Opera. And this is only a very partial list of their interests and areas of leadership and support. Quite apart from the Daytons' business accomplishments, this community and state would look and feel very different today, had it not been for this remarkable set of visionary and community-minded brothers.

In raising money for these various endeavors, the rationale was clear: a rising tide lifts all boats in the harbor. X might not personally be interested in music or public schools; but if those things helped his or her employees or customers or helped hold or attract new business to the community, then X's own family and business would benefit at least indirectly, sooner or later. If nothing else, support of the nonprofit sector therefore constituted long-term, enlightened self-interest.

This view was doubtless reinforced for me by my family's role as proprietor of the state's largest newspaper. I grew up believing that a good newspaper was obligated to serve the entire community and was responsible for that community—young and old, rich and poor, black and white. This service, essential to an informed citizenry in a democracy, was provided through the news and editorial pages. A good newspaper also served by providing an efficient advertising medium; by being a good employer; and, last but far from least, by being a leader in the nonprofit sector, which for me meant strengthening and enriching the entire community.

During my Star and Tribune years I also served for 16 years as a trustee of the Gardner and Florence Call Cowles Foundation established by my grandparents during the Depression to aid Iowa's many small private colleges; and more recently, since the sale of the Des Moines Register, as a director of our small family foundation, now focussed on the environment, which Sage and I and our children and their spouses hope will prove instructive to at least some of our grandchildren.

METRODOME

If the Guthrie was my first big nonprofit undertaking, the Hubert H. Humphrey Metrodome was my last. At lunch one day during the middle 70's, Ken Dayton urged me to organize a solution to the problem of keeping the Minnesota Twins baseball team and the Minnesota Vikings football team in Minnesota. Presumably that meant arranging for a replacement for old Met Stadium in Bloomington. Ken was very good at assigning tasks to others. I finally said yes, I would take on that huge minefield of a job, provided Ken would attend every meeting I called. He said he would, provided the meetings were not the customary 7:30 a.m. breakfast meetings at the Minneapolis Club so favored for nonprofit work in those days. So we usually met at 4 p.m.

Our initial committee was small, collegial and potent: Ken Dayton of Dayton Hudson Company (now Target), Arley Bjella of Lutheran Brotherhood (now Thrivent Financial), Curt Carlson of Carlson Companies, John Morrison of Northwestern National Bank (now Wells Fargo), Pete Ankeny of First National Bank of Minneapolis (now U.S. Bank) and Harvey Mackay of Mackay Envelope Company, sports enthusiast and charismatic salesman. Leonard Murray of the Soo Line Railroad and president of the Minneapolis Chamber of Commerce appointed us an ad hoc committee of the Chamber, the Stadium Site Task Force, which gave us the invaluable staffing services of Chuck Krusell, the Chamber's executive director.

During the next three years we determined on a downtown Minneapolis location for a single, multi-purpose, covered stadium, despite fervent opposition from advocates of a new stadium in Bloomington or St. Paul and advocates of a grass field and no roof. The State Planning Commission issued a favorable environmental impact statement about our proposal, and we won a 4-3 vote of approval from the new Metropolitan Sports Facilities Commission; fought off repeated attempts in the legislature to reduce the bonding authorization below $55 million and to push down the interest rate ceiling on those bonds; secured infrastructure support from the City and County; and raised $15 million in private funds to acquire the land for the stadium.

We used a combination of charitable contributions to the City and business investment in a new entity, Industry Square Development Company, whose only asset was a City-granted right of first refusal for 15 years of development rights in the Industry Square Redevelopment District. That part of town was not yet ripe for new occupants and only one building was eventually redeveloped. We all supported the long-range City Plan even though we knew it blocked the development of bars, restaurants, night life and hotels in the Metrodome's immediate neighborhood.

Success was still a close call. In late 1979 on a Sunday all the key players—almost 40 of us—gathered in the offices of Piper Jaffray, the bond experts; and after many hours it was decided that on Monday, the next day and the last possible day allowed by the authorizing state statute, $55 million of stadium bonds would be issued by the Metropolitan Sports Facilities Commission and bought by a consortium of local financial institutions including the First National Bank of St. Paul and the St. Paul Companies (insurance). The new stadium opened on schedule April 6, 1982, for the beginning of the Twins baseball season.

John Holten of the Faegre & Benson law firm played an important role in all this, as did Lou DeMars, president of the Minneapolis City Council, John Derus, chairman of the Hennepin County Board, and Al Hofstede and Don Fraser, mayors of Minneapolis. Designing and building the Metrodome on time and within budget, and signing the Twins and Vikings to long-term contracts, was a huge and complicated achievement by Dan Brutger, chairman of the Metropolitan Sports Facilities Commission, and Don Poss, Brutger's executive director and a former city manager of Brooklyn Center. Like the original Guthrie theater building on Vineland Place, the Metrodome today is no longer adequate for its tenants; but both structures have served the community well in their time.

During my Star and Tribune years I also served as a director of Farmers & Mechanics Savings Bank (Minneapolis), Equitable Life Insurance Company of Iowa (Des Moines), First Bank System, Inc. (Minneapolis), and Cowles Communications, Inc. (LOOK Magazine et al in New York); chaired Harper & Row, Publishers, Inc. (New York); and presided over a turbulent chapter in the life of Harper's Magazine in New York.

I recite all this personal history partly to establish some credentials for my recommendations earlier in this paper, and partly as possibly useful social history. I am now approaching 77. Sage and I have four children and 10 grandchildren, all of whom seem healthy and in good spirits. We are very fortunate. I was a good student but not brilliant. I was a good athlete but not exceptional. I was given a great head start by being born into my family. I shall be content with being remembered briefly as a good husband, father and citizen.

"The moving finger writes; and, having writ, moves on…" (19)

Center for Leadership of Nonprofits, Philanthropy, and the Public Sector
301 - 19th Avenue South
Minneapolis, MN 55455
612 625 5093
www.hhh.umn.edu/research/index