Building a Future that Reimagines Systems for Justice

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Diagnosing the problem:

What systems does institutional philanthropy perpetuate?
1913

**Income taxes & tax exempt status established:**
The beginning of the non-profit industrial complex

The Revenue Act of 1913 established an income tax on the highest incomes. At the same time, institutions "organized and operated exclusively for religious, charitable, scientific or educational purposes" were exempted from paying federal income tax.

**INTENT**

Federal income tax was established to compensate for the reduction in tariff dues, which was also a part of the Revenue Act. Charitable organizations were defined as those whose net income does not benefit "any private stockholder or individual."

**JUSTICE FUNDER ANALYSIS**

Public charities and independent foundations had been in existence for decades, and operated for the public good. This Act formally started the era in which tax policy regulated philanthropic activities and incentivized charitable giving. These laws created a distinct non-profit sector defined by their legal status. This was the beginning of the non-profit industrial complex, in which the government has the ability to monitor and control social movements, and a reliance on state/foundation/corporate funding has derailed the course of social movements. Non-profits can only be as radical as their donors, and must often shape their activities to align with donor interests.
Philanthropy’s Source Codes

THREE PRIMARY SOURCE CODES OF FOUNDATION CULTURE

The assumptions, values and practices of foundations often reflect the cultural “source code” derived from other fields. Different types of foundations may have additional influences, reflecting the cultural legacies of families, hospitals, management consulting firms or government — often blended and blurred within any institution. Yet three primary sources stand out as having a particularly common and powerful influence: banks, universities and for-profit corporations.

The core cultures of banks, universities and for-profit corporations demonstrate remarkable strengths. They are among the most enduring and powerful institutions in our society. Foundations benefit if they model the fiduciary integrity and investment acumen of financial institutions; the analytical thinking and high intellectual standards of universities; and the emphasis on leadership, innovation and data-informed decision-making of business. But foundations also display some of the least helpful aspects of each of those three cultural strands, including the lack of transparency of banking, the individualism and arrogance of universities, and the internal inequities and metrics myopia of for-profit corporations. Often, these cultural touchstones persist despite the fact that they are clearly not in the best interests of foundations’ nonprofit grantees or partners — or the communities they serve.
EXTRACTIVE ECONOMY

- **WORLDVIEW**: Consumerism & Colonial Mindset
- **WORK**: Extraction (Dig, Burn, Dump), Exploitation
- **RESOURCES**: Militarism

REGenerative ECONOMY

- **WORLDVIEW**: Caring & Sacredness
- **WORK**: Cooperation
- **RESOURCES**: Regeneration
- **GOVERNANCE**: Deep Democracy

Source: Climate Justice Alliance Just Transition Principles
“The wealth of foundations is derived from wealth that was created by laboring people . . . To us that means that there is a moral imperative to give it back to the communities where it was generated, and do so in ways that ensure its use as a productive asset.”

-Ed Whitfield
A Just Transition for Philanthropy
“Philanthropy must support the agency of communities to implement solutions and imagine new models for governing philanthropic resources—human, financial, knowledge—that redistribute wealth, democratize power and shift economic control to communities.”

-The Resonance Collaborative
Guiding Values & Principles
A Just Transition . . .

• **Moves us toward Buen Vivir**
  - In philanthropy, this principle guides us to shift from thinking about the many actions we could take (an inherently privileged perspective) to thinking about what is necessary for all to thrive. As part of this process, we acknowledge how communities & movements have been working towards Buen Vivir for hundreds of years and that not all cultures prioritize financial return over community & collective benefit.

• **Equitably redistributes resources and power**
  - To truly embody this principle, philanthropy must move far beyond the 5% payout requirements for grants and distribute ALL of its power and resources. This includes spending down one’s endowment, investing in local and regional economic initiatives that build community wealth rather than investing in Wall Street, giving up decision-making power for grants, and ultimately, turning over assets to community control.

• **Upholds Self-Determination & Builds Deep Democracy**
  - In philanthropic practice, this means ending paternalistic and controlling behaviors towards grantees that are based in risk aversion, and moving towards authentic partnership where grantees retain the right to design solutions for their lives rather than have approaches imposed on them.

• **Builds what we need now!**
  - ACT immediately, look for and be active in creating the new philanthropic practices that the world needs to achieve the Just Transition.
What about Diversity, Equity & Inclusion?

- **Diversity** – The demographic mix of a specific collection of people, taking into account elements of human difference, but focusing particularly on racial and ethnic groups, LGBTQ populations, people with disabilities and women. A diverse workplace is not necessarily an equitable workplace. Nor does the presence of people who are diverse necessarily produce decision-making that optimizes results for the groups their diversity reflects. A foundation that focuses only on diversity cannot presume that it has equity as a goal.

- **Equity** – Improving equity is to promote justice, impartiality and fairness within the procedures, processes, and distribution of resources by institutions or systems. Levels and/or types of investments in and of themselves do not produce equity. Tackling equity issues requires an understanding of the underlying or root causes of outcome disparities within our society.

- **Inclusion** – The degree to which diverse individuals are able to participate fully in the decision-making processes within an organization or group. While a truly “inclusive” group is necessarily diverse, a “diverse” group may or may not be “inclusive”

DEI is a means to an end, not an end in and of itself. They are critical steps towards transferring decision-making and control to communities most impacted by injustice.
“Racism and capitalism emerged at the same time, in 15th-century western Europe, and they’ve reinforced each other from the beginning. Slavery and colonialism accumulated the wealth that powered capitalist expansionism. To be an anti-racist is also to be an anti-capitalist.”

-Ibram X. Kendi
From Extraction Towards Regeneration
Reimagining a way forward: Transforming our underlying approach to capital

**Away from** an approach where individuals and institutions have the right to endlessly accumulate capital and make decisions on how it should be allocated for the public good;

**Towards** an approach where the collective capacity of communities most impacted by extraction and exploitation are able to produce for themselves, give to and invest directly in what their communities need, and retain the returns generated from these investments.
Reimagining a way forward: Transforming our underlying approach to philanthropy

Away from an approach where foundations maintain power, accumulate wealth and grow their endowments indefinitely to exist in perpetuity, by maximizing their return on investments even at the expense of communities they claim to support;

Towards an approach where foundations actively support new economic systems that transfer the management and control of financial resources away from institutions and into the hands of communities who have been impacted by wealth accumulation and the extractive economy.
“All of us who have been forced to the margins are the very ones who harbor the best solutions for healing, progress and peace, by virtue of our outsider perspectives and resilience. When we reclaim our share of resources, when we recover our places at the table and the drawing board, we can design our healing. We can create new ways of seeking and granting access to money. We can return balance to the world by moving money to where the hurt is worse.”

-Edgar Villanueva
7 Sets of Practices that Philanthropies can begin to Transition from
Extraction to Regeneration:

**RELATIONSHIP TO GRANTEES & COMMUNITIES**

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<tr>
<th>Leadership</th>
<th>Endowments</th>
<th>Grantmaking Process</th>
<th>Grantmaking Decision</th>
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<tbody>
<tr>
<td>Extractive</td>
<td>Less Extractive</td>
<td>Regenerative</td>
<td>Regenerative</td>
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<td>Leadership reinforces a culture and systems which prioritize the positions of power and upholds the status quo.</td>
<td>Operational processes prioritize &quot;saving wealth&quot; by carrying out the wishes of the donor, family or trustees while being cognizant not to cause undue harm to grantees and communities.</td>
<td>Grantmaking strategy is developed by movement leaders who are accountable to an organized base.</td>
<td>Foundation trustees, executives and staff have full decision-making power over grants, which is directly responsive to grantees and communities.</td>
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<td>Leadership creates mechanisms for decision-making to be informed by the communities impacted by extractive systems and in organizational positions of power are the ultimate decision-makers.</td>
<td>Operational processes are primarily oriented around how to serve the wishes of the donor, family or trustees while prioritizing community benefit as much as financial returns for the foundation.</td>
<td>Grant recommendations are made by movement leaders/organizations, e.g. party/government grantmaking.</td>
<td>Movement leaders/organizations give input but decisions ultimately rest with Foundation staff in positions of power.</td>
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<td>Leadership supports the belief that communities can effectively steward assets, and transfers some resources to be managed by community-based grantmaking and investment vehicles.</td>
<td>Operational processes are considered making sure that the needs of grantees and communities are prioritized.</td>
<td>Grantmaking strategies are developed by movement leaders who are accountable to an organized base.</td>
<td>Decision-making power about grants has been transferred completely to community-based leaders/organizations who are accountable to an organized base.</td>
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<td>Leadership views its role as one that helps operationalize the effective stewardship of all philanthropic resources into community control.</td>
<td>Operational processes are primarily oriented around how to best support grantees and communities in achieving their vision of social change.</td>
<td>Grantmaking processes are determined by movement leaders who are accountable to an organized base.</td>
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“Each philanthropic organization is fully capable of restructuring how their resources are deployed: more cooperatively, restoratively, and regeneratively.”

-The Resonance Collaborative
With your non-dominant writing hand, in cursive, please write:

Regenerative systems will require us to build new muscles.