

**A conversation about the history of philanthropic efforts to
change government policy
May 2nd, 2013**

Attendees:

- Jonathan Cohn
- Dana Goldstein
- Chris Hughes
- Richard Kim
- Mike Konczal
- Dylan Matthews
- Dayo Olopade
- Andrew Revkin
- Reihan Salam
- Michael Waldman
- Elie Hassenfeld, GiveWell
- Alexander Berger, GiveWell

Note: This set of notes was compiled by GiveWell and gives an overview of the major points made by meeting participants. These notes are not direct quotations.

Elie: We're interested in learning about cases where philanthropists have tried to influence policy, successfully or unsuccessfully. We'd like to leave this meeting with a list of some examples of potential philanthropic successes or failures that we could then vet to reach conclusions about what kinds of philanthropic approaches or strategies might generally be more or less successful.

An example would be healthcare reform. We've heard an argument that the Robert Wood Johnson Foundation played a major role in funding the technical analysis, and then the Atlantic Philanthropies funded Health Care for America Now to help push changes through. This is just an example of a story that we could then vet. One attendee sent in a case from on voting rights, and we've heard from many sources about the recent climate change legislation as an example of a failure of philanthropic funding to achieve its goals.

By “philanthropic funding” we don't necessarily mean 501(c)3s – we mean opportunities to use money to achieve public purposes. We're also open to examples of successful corporate lobbying if those come to mind.

We recognize that it will be difficult to be thorough in this research and that political issues won't present the same level of certainty that we've achieved in our existing recommendations, but we believe that it is appropriate and important for us to try to learn what we're able to.

We also recognize that the “success” of an effort at policy change is in some sense a normative question, but what we're trying to learn are “lessons for successful advocacy” rather than “whether given policy changes were good for the world.”

Attendee: Advocacy consists of idiosyncratic long-term change. Science and direct service are far more tractable and less ideological.

Attendee: The distinction between normative goals and historical lessons is useful, but they interact. Some strategies may work for some goals and not others.

Attendee: I think it's worth distinguishing between three time horizons:

1. General long-term generational change in normative terms of the debate over decades or generations.
2. Actual policy changes, which are wildly over-determined. You could have 10 true stories about what “caused” a policy change. Andy Rich studied think tanks, and he thought that think tanks set the foundation for the argument, which then bounces around in crazy and unpredictable ways. Think tanks just have some stay in where it starts. For instance, the Manhattan Institute funded Charles Murray in the '80s, the Tides Foundation funded Jacob Hacker's public option work, and community action groups funding Elizabeth Warren on financial regulation reform. Those cases all took from five years-to-multiple decades to successfully influence policy, if at all.
3. Short-term ongoing strategic capacity, including reacting to the headlines. Americans for Financial Reform does this well – they're there to answer the phone calls from journalists. This might be easier to measure but it's probably not more important.

Alexander: Is it right to call Hacker's work on the public option “successful?”

Attendee: Even though the public option never became part of the law, I think it did help frame the terms of the debate. The intellectual work that went into that will bear fruit over time. Some states will build on that intellectual option.

Some foundations were spending money in the late '90s and the first years of the 2000s. They put together a series of volumes called *Covering America*. They gave pretty much all the academics who had worked on this a grant to come up with ideas for how to reform the system. The Clinton efforts had failed, but health policy folks were still interested, and the foundations funded ongoing work. That technical work laid the groundwork for the discussions after Obama was elected. The conversations that took place—conferences, seminars, all the intellectuals getting together—meant that when the political mood shifted, in 2007-08, there was the infrastructure there. Policy intellectuals knew what might work. When the time came, they were prepared. That money in the '90s was key to the health care reform efforts in 2007-08.

Attendee: But do we know what the best use of money was? Was it better to support Hacker's public option or HCAN?

Attendee: That seems impossible to answer.

Elie: Are there other examples you'd point to?

Attendee: I'd point to the charter schools sector. In 2000, Carnegie, Ford and Annenberg were the main education philanthropies. By 2005, you have Gates, Walton, and Broad, and they all have converged on an agenda that includes charter schools, teacher pay and evaluation tied to tests. They were actively involved in politics: they had early meetings with primary candidates, and later sent their staff members on to work for the Obama administration. For example, James Shelton went from Gates to lead innovation at the Department of Education.

A third of all the money the big 3 foundation give goes to 6 groups, including New Schools Venture Fund, KIPP, and Teach For America. TFA now sends lots of teachers into KIPP schools, even though KIPP schools could hire teachers with much more experience.

And I think these foundations are influential enough that it's hard to get good unbiased information about them. The Gates Foundation's money is so pervasive in education and education reporting that it's a huge barrier to accountability. EdWeek, the main education periodical, has significant grants from them.

The Gates Foundation gives \$350 million/year to domestic education in the U.S. By comparison, the federal Department of Education only has only \$20 million of more or less unrestricted funding to play with.

And people are a huge part of it. Steven Brill's book explains how all these people know each other personally. Michelle and Barack Obama back in Chicago in the '90s hung out with the people in the charter movement. TFA also plays a big role.

Attendee: New entrants make the resources more concentrated, so it's much easier to see the kinds of changes they're driving and try to identify the impact. Older organizations may already be in a kind of equilibrium where it's hard to identify their impact.

Attendee: Recent research out of Stanford has made the charter school conversation much more nuanced, which is appropriate, and Gates as an individual has developed much more nuanced views. He has now come to believe that you need peace with teachers unions. He's started teacher councils, he's now more progressive than the federal Department of Education.

Attendee: John Arnold, a Texas-based philanthropist, has been involved in pension reform efforts. Rhode Island recently pushed through a large-scale pension reform initiative, and I think he brought up these larger questions about how we should value public employee pension projects. They seemed to have changed the conversation on pensions. The key person is someone who had been at Northwestern who has done research on how to account for public employee pensions. There were some efforts to educate the public prior to getting the RI legislation passed. I think it crosses party lines, too – the person driving it in RI was a democrat.

They're also working with Gary Taubes and Peter Attia on the Nutrition Science Initiative, which is planning large-scale randomized controlled trials on the kinds of nutrition advice people are often given. I think it's a problem that when people in the social sector talk about experimentation, they often think about “what works,” when what we really need to do is build a test-and-learn capacity.

Attendee: I think that the best thing that happened for gay rights was losing the Proposition 8 fight in California. People were running a legal strategy, and there were essentially no democratic gay marriage initiatives. Actually running a campaign in a huge state with two media markets, and then losing, meant that people learned a lot of lessons about how to do that.

Attendee: There were several groups in that fight that saw their budgets quadruple over the last five years. They developed clear research on the impacts of marriage on kids and schools, and they also had the funding to focus groups and polling. Resources came from the Gill Foundation, Open Society Foundations, and Ford Foundation, as well as individual donors.

Attendee: Philanthropy is better at supporting certain kinds of strategies than others. The closer things get to politics, the tougher it is for philanthropy to fund what is effective. In Europe, it's not set up that you have nonprofit groups doing policy advocacy; they have disciplined party structures that eliminate the need.

Attendee: Small donations have really catalyzed the marriage movement. State campaigns were funded on small donations, and people wanted to contribute in other ways as well, by providing in-kind labor. At the

beginning of the campaign, the American Foundation for Equal Rights was nothing, but it grew quickly, and now they're behind the current Supreme Court case. The driving forces have been all new actors.

Attendee: It's important the person you're petitioning actually has the power to affect the changes you want. The marriage movement obviously has to target advocacy, there's no other avenue to go down to get marriage. Other cases are less clear.

Attendee: I think the best examples come from extremely targeted, focused, efforts for change. One of the best I know of is the price reduction on anti-retroviral drugs (ARVs). Highly active antiretroviral therapy (HAART) was created in '96, and it cost \$10-15K/year. It was readily available in the U.S., and mortality due to AIDS dropped by 80% in 2 years. But in 2000-2001 there were only 200k people in the developing world on ARVs. 3 actors changed that: the Clinton Foundation, Doctors without Borders (MSF), and Cipla, an Indian generic pharmaceuticals manufacturer. MSF took on non-US pharmaceutical companies. Clinton negotiated with U.S. drug manufacturers to take big price cuts, and as a recent former President, he got meetings other activists couldn't take. And Cipla came out with generic ARVs in 2001 that only cost \$350, and they sold them at cost. That was transformative because nobody knew then what the drugs actually cost to produce. Once you did that, prices tumbled. The targeted campaign against the pharmaceutical companies enabled all these other players to get into the game. Lowering those prices played a huge role in expanding coverage with the drugs.

Attendee: Many of those patent law discussions are still ongoing. Cipla has “copied and pasted” its knowledge all over the world, and drug manufacturing outside India is now possible: there are now ARV manufacturers in sub-Saharan Africa. The lawyering behind all of that is important, to handle the intellectual property issues that enable access to medicines globally. There's also a lot of work to be done from a financing perspective on program related investments (PRIs) to help that scale. I think there are a lot of other opportunities out there to pursue PRIs, and that it's partly a matter of education amongst the philanthropic community. Ambiguities around the legal status of PRIs could be addressed through the tax code.

Attendee: An interesting contrast with healthcare reform is financial regulation. After the crisis, people wanted policy ideas, but there wasn't much infrastructure to supply them. The Treasury Department had to make a full-scale re-imagining of the rules of finance by April 2009, but think tanks had no infrastructure to supply that kind of idea. The Center for American Progress did OK. The idea that was most successful was the Consumer Financial Protection Bureau, which already existed. There was subprime lending activism back to 2005, led by the Center for Responsible Lending and what used to be ACORN.

Attendee There was no early stage investment in thought and policy ideas except through the financial industry. Nobody had employed anyone with a PhD to watch the banks. Most of the things that got pushed were marginal changes. There was complete underinvestment. Soros is working on that with Rob Johnson at the Roosevelt Institute now, and through the Initiative for New Economic Thinking.

In general, issues that touch on economics are often harder to get philanthropists interested. Perhaps they're more against their self-interest.

Looking over the longest term, the progressive era 100 years ago saw philanthropic funding for social change for the first time.

Attendee: Compulsory schooling also came out of that movement.

Attendee: Another period was in the '70s. You saw a successful environmental movement for the first time. Legal defense funds were following on the success of Thurgood Marshall, moving a lot of social change through the courts. For voting rights, there was an existing infrastructure.

Attendee: Another interesting example might be the failure of the community control movement, funded by Ford. In general, a history of the Ford Foundation would be really interesting. The charter sector rose up partly in reaction to that failure of community control.

Attendee: Ford also heavily financed La Raza, and other hispanic groups. They had a discrete goal—creating a Hispanic ethnic category—and succeeded in doing things like getting that on the census.

Attendee: The '70s created all these environmental laws, and there were years of fairly successful litigation, but now we still live in that shadow, and a lot of people are still trying to use these very 20th century laws to solve 21st century environmental issues, like climate change.

Attendee: Larry Lessig has this trinity: norms, laws, and code. I think there's a role for norms that you may be overlooking. Gates and the Giving Pledge is a great example – that could have a huge impact.

Attendee: As a result of the recent tragedy in Bangladesh, Disney is going to try to locate in well-governed countries. Wouldn't it be interesting if companies were ashamed about having located in poorly-governed countries?

Attendee: What about failures? I'd point to two.

1. Campaign finance reform. There was no infrastructure for this in '93, so it failed. After that philanthropic foundations came in with a much narrower goal. After spending a ton of foundation money, major funders helped create a movement and pass McCain-Feingold. Then too many hung up the mission accomplished sign and walked away. There was no one left around to oppose James Bopp, the lawyer in Indiana who brought the series of cases culminating in Citizens United.
2. Health care reform in '93 had a similar dynamic. It went from no one talking about it, to inevitable, to failed in 3 years.

Across both of these issues, conservative funders had a longer time horizon, more patience, and less attention to metrics, than liberal funders.

Attendee: Weren't they just scattershot? Lots of money went into social security privatization.

Attendee: I'd say the conventional reading is that the '70s wave of conservative organizations were failures, but that '80s organizations were more successful. The Olin Foundation let people who were well-aligned with their overall goals pivot with their money, without micromanaging.

Another interesting case is the failure of efforts to challenge exclusionary zoning – the Mount Laurel cases in New Jersey, a series of cases around zoning laws in suburban areas. Activist state courts in New Jersey took on the issue, but the progress has been very limited. Conservative/libertarian intelligentsia wants to think about this more, but funders don't want to support it. The Center for Urban Real Estate, which worked on this, sort of evaporated.

The comparison with same sex marriage is illustrative. Same sex marriage is a conflict over recognition, and it can make people ashamed, the cultural momentum can move fast. Exclusionary zoning is something that funders don't care about, and it's just not going to raise hackles the same way.

I think the world of social enterprise is also interesting in that it's really serving donors to some extent. Lots of social innovation is well-suited to flatter the funders. A lot of this is about brand.

Attendee: One interesting point is that foundation support can polarize issues. Areas where there's an absence of philanthropy—like financial reform—can avoid polarization. Elements on both the left and right want to limit bank size.

Attendee: Another example is the Peterson foundation. It's a classic case: we have no idea if they've had any impact. They also fund media organizations, some of which have large readerships. They're funding research and knowledge, and it's just really hard to know if it influences policy or wouldn't happen otherwise.

Attendee: When you dip the yardstick into the pool will determine what you get out. You need to give issues time to mature. The marriage movement or civil rights movements might have looked like failures depending on when you looked.