

# Nonprofit Conspiracy *of* Silence

by Pablo Eisenberg

**T**HIS YEAR'S PRIZE FOR GUTLESSNESS by nonprofits goes to the chancellors and presidents of American universities and colleges. But they are by no means alone in the nonprofit sector in shirking the tough moral and ethical decisions the public expects them to stand for.

While the "American University" tragedy unfolded in Washington, featuring an embarrassingly greedy university president and an irresponsible group of trustees, no university leaders spoke out about the abusive actions of one of their own. There were no calls by his colleagues for his dismissal. Perhaps Dr. Ben Ladner's excessive compensation and outrageous perks hit too close to home, perhaps the toady-like behavior of the trustees was not unusual, but, whatever the reasons, the deafening silence of his peers sent a clear message about the integrity and courage of the field.

Academic timidity, of course, has not been confined to the CEO's of university institutions. When students demanded a living wage for the low income employees of Harvard University a few years ago, only a tiny fraction of the Harvard faculty managed to summon the courage to support the students' demands.

During the past year, Georgetown University undergraduates conducted a successful campaign, including a nine-

day hunger strike, to persuade the Administration to provide a living wage to all of its low-income employees. Only 50 members of the faculty were willing to sign a letter of support to university administrators. Only one department on campus, the History Department, had the temerity to go on record supporting the students.

What is it that cowers tenured faculty members, university CEO's and trustees from taking stands on important issues of accountability, ethics, fairness and decency? Is it a pervasive sense of collegiality? Is it a fear of alienating friends and acquaintances? Or is it a question of not wanting to be perceived as mavericks, critics or, even worse, as trouble makers?

Whatever the reasons, they are the same that drive nonprofit leaders of all stripes to remain silent in the face of abuses, scandals and irresponsible expenditures, thereby deepening the extent of the problems and the malaise that accompanies such developments.

When the Washington Post and a Senate Finance Committee report exposed the Nature Conservancy for inappropriate expenditures, major conflicts of interest and abuses of taxpayer money, where was the outcry in the nonprofit community? Did our nonprofit leadership, especially in the environmental community, demand that Steve McCormick, the CEO of the Nature Con-

servancy during these times of trouble, assume personal responsibility and resign? Did they speak out on the issues involved? Mr. McCormick, not surprisingly, is still there at the helm of the organization he helped undermine.

The reaction of the foundation community to the abuses and scandals uncovered by the *Boston Globe*, *New York Times* and other newspapers over the past four years has been similar. The heads of such institutions as the Irvine Foundation, the Getty Trust, the Markle Foundation, the Daniel's Fund and the Joy McCann Foundation were cited for inappropriate expenditures, excessive compensation and/or conflicts of interest. The Kellogg Foundation was highlighted for spending almost a million dollars on a boondoggle, safari-like board meeting to Africa; and many other less prominent philanthropic institutions came under fire.

There were few, if any, public outcries or criticism by the leaders of the major foundations, nor by the regional associations of funders which listed the transgressors as members. The Council on Foundations maintained a stoic silence, insisting that it was only a matter of a few rotten apples in the barrel. Only after it became clear that the abuses were extensive did the Council issue strong words about the need for reform in general terms, but never about individual institutions.

With the exception of the National Committee for Responsive Philanthropy, nonprofits seemed unwilling to comment publicly about the scandals. Independent Sector, with a large membership of grantmakers, initially cited the Irvine Foundation as reflective of the issue of public accountability, then pulled back under pressure from Irvine and others and said nothing. It even tried to censor the comments about Irvine and other IS members made by Emmett Carson for its newsletter. In the face of this demand, Dr. Carson withdrew his article, refusing to be censored.

When the Boston Foundation gave a questionable grant to the national Democratic Convention held in Boston over a year ago, I interviewed about 50 community leaders, academics, foundation and corporate executives and nonprofit officials to get their opinions about the merits of the Boston Foundation's support for the convention. While the overwhelming number of respondents were critical, only one was willing to go on the record with his comments.

The community development movement has frequently suffered from the same lack of openness and candor. The collapse seven years ago of Eastside Community Investments in Indianapolis, one of the pilot ships of the movement that once had a multi-million dollar budget and 80 employees, was swept under the rug by city officials, foundation supporters and colleague organizations in the state and elsewhere. No one was willing to criticize either the organization or its director who, as the organization fell apart, fled the city, unwilling to take any responsibility for the disaster. The code of silence made it difficult for the movement to learn the lessons of failure.

Similarly, the National Congress for Community Economic Development, the trade association for the movement's community development corporations (CDCs), has been ineffectual for many years, propped up by a few naïve

foundations and board members more interested in their personal agendas than that of the field as a whole. While criticism about the organization was extensive among both its members and non-members, few people were willing to speak out and go on the record. Today, the Congress is on the ropes, a shell of an organization, another victim of the code of silence.

While the examples I have cited are fairly well known, the lack of candor and courage among nonprofit leaders is widespread throughout the country, both in local communities and at the regional and national levels. We have socialized a large group of executives more interested in protecting their turf, in being collegial to a fault, in being unwilling to antagonize any funding sources, and in avoiding all risks than in pursuing what is good for their field and for the public. Because of their silence on important matters of accountability, performance and ethics, they have left the job of protecting the public interest to the media and the regulators.

That is why the efforts of so many nonprofits and foundations to address the major accountability problems identified by the Senate Finance Committee seem so futile. They are pushing for self reform. Unfortunately, self reform will not work—it rarely has—because so many leaders of our nonprofit sector institutions don't have the probity and courage to make it work.

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