

How to Give Wisely

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THE AMERICAN PEOPLE are learning to give generously. Now we must learn to give wisely. Last year we gave a record \$4 billion to causes which appealed to our sympathies. Of that sum, \$3,880,000,000 helped people as we intended to help them. But \$120,000,000 went astray. According to the Russell Sage Foundation, at least that much went to swell frauds and enrich fakers. That is only one dollar in 33, but every dollar thus misused is one dollar too much. It subsidizes mismanagement, sustains low standards, fattens the bank accounts of crooks. No right-minded giver wants to have even 3 per cent of his giving wasted or stolen. How prevent it?

One way to avoid mistakes is to stop giving. So many people did that at the close of 1953, when the New York legislative probe investigating charity rackets was taking testimony, that some well established, ethical organizations reported tragic declines in income in the crucial weeks of the year. This meant that many innocent people will suffer for the sins of the guilty few. It cut off from legitimate channels of creative action many persons who could have rendered a service. Surely there must be a better way of dealing with an evil.

Another remedy is to pass a law. The New York legislative commission uncovered evidence that a veterans' organization raised \$21 million in three years, with not a dollar of direct aid reaching a veteran or his dependents. It learned that an organization for aid to "underprivileged children" used Hollywood names and raised nearly \$4 million, spending only \$300,000 for help to children. It discovered that a so-called national hospital collected \$630,000, there being no hospital and the money-raiser getting \$435,000. The chairman of the commission of inquiry said at least 100 other charity organizations operating in New York state are as guilty of fraud or objectionable practices as these three. Unfortunately, New York is not unique in this respect.

I

Legislative remedies can be found for this scandalous situation, and New York proposes to find them. Its commission proposes to require state licensing of all fund-raisers and state registration of all charitable agencies, except religious organizations. It intends to make it a misdemeanor for anybody to use the name of a person for fund-raising unless that person gives his consent in writing. It plans to require annual financial statements to sponsors of organizations, showing how money is raised and how it is spent. It aims to give the attorney general authority to apply to the courts for revocation of the charter of any organization that uses fraud in fund-raising. Such laws are needed, and we hope they are enacted and enforced.

But something more than new laws is needed: wisdom on the part of the giver. In this matter as in all others, wisdom is not easy to come by. John D. Rockefeller, Sr.,

who established foundations which helpfully gave away hundreds of millions, said he nearly had a nervous breakdown before he learned how to give away money wisely. Julius Rosenwald, who gave away \$60 million while he lived, looked back near the close of his fruitful life and said that it was "nearly always easier to make one million dollars honestly than to dispose of it wisely." The same can be said of a hundred dollars, or ten, or one. Recent investigations reveal that it is generally the carelessness or ignorance of the giver of small amounts which subsidizes the rackets that take from 50 to 95 per cent for "expenses."

Corporations, which are allowed to give 5 per cent of their income according to a provision of the Internal Revenue Code enacted in 1935, need not make the mistakes many of them do make in giving. They can benefit from advisory services set up by the National Better Business Bureau, 405 Lexington Ave., New York 17, or any of its 90 local city bureaus. They can write for advice to the National Information Bureau, 205 East 42nd St., New York 17. This nonprofit organization was formed in 1918 and supplies facts on national organizations that solicit contributions. It publishes each year a *Giver's Guide to National Philanthropies* and works to raise and maintain standards in philanthropy. Businesses also can seek advice from chambers of commerce. In 1,500 communities, community chests and councils of social agencies stand ready to advise either corporations or individuals. A good place for either to begin is to secure *The Manual of Corporate Giving*, edited by Beardsley Ruml, from the National Planning Association, 800 21st St., N.W., Washington 6, D. C.

We understand this book is the only one of its kind. It is written by 27 men, each a recognized authority in a field related to public welfare, education or philanthropy. It takes the contributor as its client and does not attempt to sell him a "bill of goods." It discards the ancient and outworn rule that the only people who trouble to educate the giver are those who hope to share in his gifts. It should be on the desk of every person—banker, lawyer, minister or company official—who gives or advises others on giving.

So far as most citizens are concerned, the safest rule is to give to those agencies whose work and records are known, and add others as knowledge increases. Generally this will mean beginning with the local church, then reaching out to the national and world concerns of the church, such as missions and Church World Service. It can mean beginning with the community chest, then expanding to approved national charities and the world concerns of the United Nations, such as its Children's Fund. Recent exposés are likely to prejudice many against national organizations, but it would be a mistake to penalize the work of all because a few are not what they profess to be. The book *Community Planning for Human Services*, by Bradley Buell and Associates (Columbia University Press), surveys the whole field covered by these agencies.

Adult classes in the church or in Y.M. and Y.W.C.A.'s, or the church board, could render a genuine service and make the church a stronger force for good if they studied material of this kind. Church members need help in developing standards for intelligent and constructive giving. A study group of this kind could probably command many of the information services available to corporations and other businesses.

II

In general the following points should be observed in considering appeals for gifts. They are expanded by J. Paul Reed, director of the National Information Bureau, in the book on corporate giving referred to above. The first point is, be prepared. Never give without investigating. Honest organizations welcome inquiry. Giving without knowledge is unworthy of the importance of the business in hand. Second, be searchingly realistic. That it is your duty to insist on integrity goes without saying. But you also have the obligation to know that the organization to which you contribute is competently run and is reasonably effective and economical in reaching its end. Third, refuse to be stampeded. Too many organizations resort to "scare" stories, especially at the end of the year.

Fourth, don't let the volume of publicity for some causes bowl you over, or the lack of publicity for others restrain your sympathies. An often cited example is the comparison between the death ratios from highly publicized polio, on the one hand, and cancer and heart disease on the other. "Of 972 deaths per 100,000 in a recent year, heart diseases and cancer accounted for 488, or about 48 per cent, and polio for less than 2 per cent," says Mr. Reed. "Yet in volume of publicity, heart and cancer appeals were probably in inverse ratio to polio." Fifth, insist on knowing whether you are giving to an actual operating budget or are contributing to a "goal" somebody hopes to reach. Finally, every invitation to give should be viewed as a possible opportunity to enlarge the social world in which you are a responsible and participating member.

Rackets in philanthropy, as the current probes prove, lean heavily on sentiment connected with illness, the needs of children or the demands of patriotism. Such appeals must be judged on their merits. It should be obvious that free enterprise, anticommunism, the needs of veterans or the cause of the "American way of life" do not have to depend on high-pressure salesmen who solicit on a commission basis contributions to organizations upholding such causes. After the recent discoveries, it should also be clear that a contributor does little good by yielding to the importunities of a telephone salesman operating from some "boiler room" for a percentage of the take.

Require them to write. Check on sponsors. Refuse to accept articles delivered without an order. Be skeptical of benefits which chiefly benefit the promoter rather than the

cause; of advertising which does not deliver values received; of people or organizations who learn of you from some "sucker list." Such lists can be bought in the open market. Withhold contributions from causes which depend on lotteries, bingo or other offenses against social morality.

III

But all this is negative and precautionary, whereas the essential thing is that each of us recognize positively and gratefully the worth of the opportunities many American voluntary organizations offer us for rendering new and needed services. Every advance of knowledge opens the way for man to develop new expressions of interest and sympathy, and as often as not these expressions will be channeled through voluntary organizations. By intelligent use of such agencies each person can expand his usefulness, widen his horizons. Through the National Information Bureau the best experience in this field has set up the following standards by which legitimate organizations can be judged. They bear repetition.

Agencies deserving of support should have (1) an active and responsible governing board, serving without compensation, holding regular meetings and possessing effective administrative control. (2) A legitimate purpose which can be carried out without duplication of the work of other legitimate organizations. (3) Reasonable efficiency in management of program, and reasonable resources of personnel and other means for carrying out the purpose of the enterprise. (4) Consultation and cooperation with established agencies in the same or related fields. (5) Ethical methods of publicity, promotion and solicitation of funds. (6) Right methods of fund-raising, which includes no payment of commissions for moneys raised, no mailing of unordered tickets or merchandise with a request for money in return, no general telephone solicitation. (7) An annual audit prepared by an independent certified public accountant or trust company showing all receipts and expenditures and certifying the validity of accounting methods. (8) A detailed annual budget, showing how future income and disbursements are to be disposed of and giving the board an opportunity to determine policy. It is the responsibility of churches to educate people in giving wisely, not only to their own causes but to all appeals.

It is the privilege of each of us to give generously, and it is our duty to give wisely. By giving generously and wisely, we can share creatively in building the expanding world of helpful human relationships which is being slowly raised by men and women of good will. Most of the existing agencies were created for good and valid reasons and continue to serve a useful purpose. These deserve support and participation. The existence of a minority which may have been created for invalid reasons or serve no adequate purpose compels each of us to choose. In our choice we indicate what our own life purpose really is.