Forces unleashed by 9/11 continue to unsettle and reshape the charity sector, and Warren Buffett's billions are just part of the story.

Photos by Dan DeLuca/Riad
CONTRIBUTE: Looking back, what did 9/11 reveal about the state of the nonprofit sector in this country, in this city—and how did it change things? Edie Lutnick, let’s start with you. You were touched very personally by what happened.

LUTNICK: My office was on the 101st floor of Tower One, and I had late meetings that day so I was coming in late. My brother, Howard Lutnick, the Chairman and CEO of Cantor Fitzgerald, was taking his son to school and was in the building when he was killed. And as most of you know, we lost 658 employees, and we immediately started—instantly, really—to work out of my brother’s home with our friends, trying to figure out who was alive and who wasn’t. So we were the definition of grass roots. We started with nothing and had to move fast.

Because of Howard’s television appearance—he went on TV right after it happened to say that Cantor Fitzgerald would take care of the victims’ families—people started sending in checks immediately. We established a 501(c)(3) nonprofit on the 14th of September.

Your nonprofit came out of sudden, intense need, which couldn’t be met with existing organizations.

LUTNICK: We came up with a model for fast response. It was unusual. It forced the creation of a new type of response that was then expanded with Katrina, when we knew the scale that was affected. We had to start from scratch.

How did it inform your strategy?

SAMHAN: We were already set up as a civic empowerment and integration organization. We already had a network in place but suddenly, we had to wear a lot of different hats. We had to become advocates with federal agencies that were dealing with both the hate crimes and the backlash, as well as with the politicians dealing with the anti-terrorism policies that were also having implications for our community. The Friday prayer, the Friday after 9/11, was the one day that everybody was waiting for the backlash to occur, and we were constantly being asked to speak to our community about how the police are there to protect them. Most of the problem was that people just wanted to go inside and not come out, and there we knew, countless stories around the country of school children not wanting to go to school, worshippers being afraid, and there were a lot of attacks on stores and other obvious targets.

There were lessons in that experience.

SAMHAN: Yes, because we had been, un-till then, off the radar screen.

So what I’m hearing is that 9/11 created a climate—underscored by Katrina four years later—in which many charities, in a sense, had to regroup and reassert what they were doing and find new ways to compete. Nobody was spared.

LUTNICK: I think that 9/11, no pun intended, was very leveling in this way, for the whole sector. In some ways, everybody had to start from scratch.

CURNIN: There were many new groups that came out of 9/11 due to what existing groups were not doing, or could not do. There’s still a gap.

What’s missing?

CURNIN: Speed. We need nimble, creative, active foundations that are willing to get away from the comfy offices that they have been in for 25 or 50 years, where they have accumulated tons of money but they simply are stuck when a disaster occurs and they can’t make the money they have out the door.

CHAO: Speed and scale. I think what 9/11 and Katrina taught us is that you need both, you need the ocean liner that can handle the massive numbers of both the people as well as the supplies, but then on the other side you also need the speed boats that can get to the drowning immediately, while the ocean liner is turning.

CURNIN: Yes, and you need to figure out how to get the ocean liner talking to the speed boats, and vice versa.

CHAO: Well, that’s what’s lacking. The major organizations were not talking to the community based organizations which knew the communities that were affected.
LUTNICK: And none of them have a direct link into government, which ultimately has the responsibility in the long term.

CURNIN: Absolutely. And you lost your other charm. With our governmental response being so inadequate, it’s time to look at this. There’s reassessment now of whether we should even have FEMA, and you have a Senate and Congress passing bills to reorganize the Small Business Administration. You have to really stop and reassess. Do we have anything in place now that you can really count on if there is a massive earthquake tomorrow? If Florida falls off the coast, who’s going to respond?

CHAO: If you’re a Muslim group, more generally.

CRONIN: Many of the volunteers also didn’t have a clue. Many with the Red Cross came in from around the country, and had very little understanding of New York and what kind of city it is—highly multilingual, immigrant and with undocumented labor. Many of the people who were affected did not live anywhere near the World Trade Center. Volunteers coming in from other parts of the country, with all of the best intentions, didn’t necessarily know how to respond. There were no models of volunteerism that fit the circumstances.

Are there now?

CRONIN: I would say the charitable sector is still trying to figure all of that out. There were many, many lessons that came out of 9/11. Many were, many things were not done well.

CULLMAN: What really changed rapidly after 9/11 is that suddenly, nonprofits were hit by something they couldn’t handle very well. What happened to the country that we found ourselves in a position of being able to access services even though they were available. Between language issues and cultural competency, particularly with mental health offerings, it’s one thing if you’re an upper middle-class educated person. You understand about health insurance, you understand about shrinking, and you understand, you know, how you don’t want to talk to shrinks. [Laughter]

The American Red Cross found itself particularly stymied trying to help the Vietnamese communities on the Gulf Coast. Nobody spoke Vietnamese, for one—and none of the Vietnamese would eat the food that was being offered by volunteers.

CHAO: There was a major disconnect. And it wasn’t only the Vietnamese. There is a big group of Polish responders who worked on the World Trade Center, and they, too, had a disconnect. People had to reach out to immigrant groups and organizations, even advocacy groups, which were not in the position to give direct service. And it was suddenly thrust upon them that they had to give direct service.

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CROSSTALK
REBUILDING THE CHARITY SECTOR

LUTNICK: Absolutely.
CARUSO: You didn’t care what the rules were, you’d get it done.
CURNIN: And because you were new, you were in a better position to listen, and therefore respond faster. If a community that heretofore had been out of the mainstream needed help, now they could get it.

Are there too many new charities now, given the figures we’re seeing, or simply not enough of the right ones?
CARUSO: You know, I wondered about this even before 9/11. Every week, it seemed, there would be a new breast cancer charity. You know, first it was Susan G. Komen, then you’ve got Avon, then you’ve got Revlon, you know, whatever. It just goes on and on. I think there are some nonprofits that will serve their purpose and then maybe go out of business, you know, or run out of funds and just peter off. I do think, very definitely, that some will have to consolidate to survive. You know, I wonder sometimes just how much can be maintained.

JESSICA, ARE THERE TOO MANY CHARITIES?
CHAO: There are so many different kinds of needs, and I think those who work in the nonprofit sector, as well as those who contribute to the nonprofit sector, are really struggling to figure out the most strategic ways to address them.

I will say that somehow, the way the marketplace works, there is a natural pairing, and many of the organizations that started out of 9/11 (and probably also out of Katrina and the tsunami) will go on to have a vital role long-term because they broadened out from 9/11. They kept their mission but expanded it to include others similarly affected around the world.

LUTNICK: I think if there is performance-based competition among the charities as a result of this, that would be very positive. I think if people start looking at the charities and start saying, okay, if I give a dollar here, how much of it is actually going where I want it to go? That is the criteria on which charities will be weeded out. It’s already happening.

CARUSO: Yes, and it’s forcing charities to get better about their messaging and their communication and their transparency. I think the ones that do those things well will succeed, and the ones that don’t do it will well have a harder time of it.

CURNIN: Some of them are already fading to dark. We’ve done a lot more transactional pro bono in the last five years, and a lot of that with nonprofits. And I can say that in those five years we are handling, pro bono, more dissolutions and more mergers of nonprofits in New York City. I mean, on one hand, we are seeing an increased number of dissolutions and mergers, and on the other hand, some of those nonprofits might not have come into existence before 9/11. But there are good things that happen from mergers.

Out of a dissolution, people learn some lessons and come back with another idea that’s maybe a bit more tailored to what they’re able to do and what the market needs.

Let’s consider Warren Buffett for a moment. He has looked around and decided that the traditional nonprofit sector isn’t the place he wants to invest, and instead has pledged $31 billion to the Bill & Melinda Gates Foundation, another private player and newcomer on the block.

CULLMAN: I am fearful that the combination of Gates’ money and Buffett’s money, a total of something like $60 billion, may make people feel, oh, well, my gift doesn’t matter or isn’t needed. I mean, the reality is that the needs are getting bigger and bigger and bigger. At the very least, Buffett’s contribution is certainly putting philanthropy—that which isn’t fraudulent—on the front page for the first time in a while. [laughter]

“Nonprofits have to realize that it’s a changed world. I do, very definitely, think that some will have to consolidate to survive.”
—Karen Caruso

“Many, many lessons came out of 9/11. Many good things happened, but many things were not done well at all.”
—Cristine Cronin

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CROSS-TALK: Rebuilding the Charity Sector

“How do you make big donors aware that government is pulling back?”

—Lewis B. Cullman

Lewis B. Cullman
Philanthropist
Cullman in 1964 completed the first leveraged buyout, a financial model that redefined the world of business. He and his wife, Dorothy, have donated some $223 million to the arts and education. Cullman wrote Can’t Take it With You: The Art of Making and Giving Money and is chairman of Chess-in-the-Schools, a nonprofit that teaches chess to economically disadvantaged students in New York City’s public schools.

CHAIO: Overall, I think Buffett’s gesture is a positive message because it is increasing the pie as opposed to all of these nonprofits fighting over a dwindling smaller pie. And in the larger scheme of things, I think that’s a very positive message.

What about oversight? The Gates Foundation just doubled in size but still does not have a board, save for friends and family. Pablo Eisenberg, in an essay in the Chronicle of Philanthropy says, “To put more than $60 billion in tax-exempt assets under the control of members of just two families is not an arrangement that benefits democracy.” Does giving that goes from one private pot to another create more challenges for society?

CURNIN: I think the constant challenge is how to get the money to the smallest people in the greatest need. People give a lot to victims of disaster but do they give as much to the people at the doorstep who are homeless or illiterate, or the victims of domestic violence, or juveniles who are trapped in detention centers? You know, these are day-to-day emergencies, and I think that’s the difficulty and our challenge.

I mean, you look at Warren Buffett and you say, “Gee, Warren. Why did you have to give all of your money to Bill Gates? How come you couldn’t, you know, go into the subways of New York and give out $5,000 at a time to people who need it?” He couldn’t have done that, of course. But there are existing nonprofits that could have done that for him. So the question is, how do we in the charity sector get the Warren Buffetts and the Bill Gateses to give to the existing nonprofits who serve the day-to-day needy, and who don’t always get a lot of attention?

CHAIO: Yes, I think that is one of the weaknesses uncovered by the news of Buffett’s gift to the Gates Foundation. Okay, now we have this mega-monopoly over the key issues in the philanthropic field. But I think what it points out is that the major weakness in the charity sector is not how these two gentlemen are going about it, but that we in the philanthropic field have failed them; that they could not think of any other way to distribute their funds charitably other than insist that it go to their own private foundation and into their own ideas about how to change the world. For them, it was all about them or nothing. That shouldn’t be.

CURNIN: No, it shouldn’t be. And also I think it’s interesting that universities and colleges were left out of the picture, as well.

LUTNICK: We in nonprofits have to listen better to those in need. It’s not okay to say anymore that what happened in the past still works. We all need to look differentially at the problems in society, versus saying, I’m going to throw everything I have at this little piece of the problem and hope it goes away. Our problems in society are too large now, too globally interconnected. We need to help more people faster—on their terms, not ours.

Edie, last word?

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Said by an attorney, [laughter]

CURNIN: I think there are two lessons here. One is that we need more centralization. Two, we need less. [laughter]