

## The American Private Philanthropic Foundation and the Public Sphere 1890-1930

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THE growing use of the term "public policy" to describe programmes planned, supported, and administered by the federal government may conceal one of the most profound social revolutions in American history. The power of the federal government to command compliance with the aims of social reform, which vast majorities of Americans may agree are noble, rests on a legal authority that those same majorities, even a few years ago, would not have believed existed. Federal administrators, backed by federal courts, are able now not only to withhold money appropriated by Congress for support of local schools, transportation, and police and fire protection, but also to take private business firms to court to enforce social changes which may have played little or no part in the legislation which authorised the original programmes. Even those who supported the need for social reform can be puzzled by the size and shape of the federal authority which has emerged to bring it about.

The fact that the issues involved are part of a peculiarly American historical problem which has evolved over the last century tends to be obscured in the hail of bureaucratic decisions, court orders, and *ad hoc* agreements based on the very realistic belief that if equality and justice are the objectives, this is the most efficient way of attaining them. The new methods have an effectiveness which is undeniable. They do, indeed, achieve changes. It is, however, difficult for historians to believe that change which transforms centuries-old patterns of political practice and conduct can take place without some more explicit and thoughtful commentary. One might then be able to defend the revolution on grounds more philosophically attractive than efficiency.

In some respects, the peculiarly American aspects of the problem offer us the best historical point of departure. The major political debates of the first century of American government centred on the issue of the power of the federal government to control national policy. The hard-fought battles which ultimately produced a measure of agreement on such issues as banking, currency, and the tariff, also produced a civil war which abolished slavery. Underneath what we now acknowledge as the limited success of such national crusades, however, was the commitment to government which began at home—in state legislatures, in traditional county and town systems, and in the growing urban governments. The compromises which followed the Civil War affirmed the limitations of the

federal government where the making of policy was concerned, but most of all in the formulation of policy on social issues. This was an important affirmation for the South in particular where "social issues" meant not only the treatment of Negroes, but the whole problem of poverty in what was, in effect, an under-industrialised and a recently defeated colony with relatively little industry.<sup>1</sup> State and local governments were perceived as independent entities pursuing locally determined "public" aims of their own, aims which might in fact conflict with aims pursued by other "publics" in other communities and regions. The term "public" itself was loosely applied, stretched to include the interests of business and professional groups whose concern with the health and well-being of the community, as well as its moral and charitable needs, could be defined by many different organisations and associations which no one would have called governmental.

### *The Formation of a National Society*

Awareness of the need for some kind of national institutions and procedures for influencing the quality of the lives of all citizens came basically from two sources, one quite traditional and the other quite new. The older of the two, the charitable and religious beliefs and institutions which had served as the organisational base for national, educational and social reform since the Jacksonian era, no longer appeared to be effective, even though for many the benevolent motive remained unchanged. The Civil War had taught a lot of lessons, among them the divisiveness of denominational interests and transience of religious enthusiasm.<sup>2</sup> At the same time, however, the growing consciousness of the needs of the technological revolution under way had led some entrepreneurs and managers engaged in the building of national industry in the nineteenth century to see a new range of national needs in education, in scientific research, and in the relation of the two to human welfare more generally.<sup>3</sup>

The combination of the religious and the technological objectives was by no means uniquely American. It is an outlook which existed in Great Britain and Germany, and among groups much like those interested in such problems in America. In America, Great Britain and Germany, enlightened members of the middle and upper classes joined reform movements designed to modernise and bureaucratise modes of welfare which the new social scientists were proposing.<sup>4</sup> While the threat of a socialist revolution served more successfully and much earlier as a spur to reform in Europe than it did in America, the consciousness of vast technological changes in medicine, in industrial methods and in techniques

<sup>1</sup> Wilson, Woodrow, *Division and Reunion, 1829-1889* (New York: Longmans, Green, 1893).

<sup>2</sup> Bremner, Robert H., *The Public Good: Philanthropy and Welfare in the Civil War Era* (New York: Knopf, 1980).

<sup>3</sup> Hays, Samuel P., *The Response to Industrialism, 1885-1915* (Chicago: University of Chicago Press, 1957).

<sup>4</sup> Owen, David, *English Philanthropy 1600-1900* (Cambridge, Mass.: Harvard University Press, 1964).

of education and social management may have been more important. The proponents of socialism and capitalism alike were interested in the technological revolution and the knowledge it entailed.

What made the combination of charity and technology unique in American society was the tradition of federalism—the unwillingness of Americans to give their national government the authority to set national standards of social well-being, let alone to enforce them. Part of the problem lay in the diversity of ethnic, racial and cultural groups which had been affected dramatically by the successive waves of late nineteenth-century immigration and the unprecedentedly rapid expansion and settlement of the western lands. The traditional American idea of equality did not reflect a national standard according to which communities could measure the quality of education, medical care, treatment of the aged or the unemployed, even from neighbourhood to neighbourhood in the growing cities, let alone from state to state. For better or for worse, federalism in the nineteenth century had become a way of making pluralism palatable by confining unresolvable differences and accepting them. While few methods were as open and as obvious as the establishment of the Indian reservations—or as much supported by federal policy—local communities were free to find ways of containing conflicts resolvable otherwise only by periodic outbreaks of brutality.

From the vantage point of historical distance, one can see the problem more clearly than it was perceived at the time. Among a national élite of modern industrial reformers, a growing consciousness of the desirability of national programmes of social welfare collided with a general political culture which could not accept a national government bent on such reform. It was a culture which would have been threatened down to its partisan and regional roots by any attempt to create a nationally unified conception of social policy. Into the gap created by this impasse stepped the modern foundation, a system of national philanthropy—privately devoted to increasing the welfare of mankind. Not until the New Deal would the federal government move into areas dominated by private philanthropy and local government, and then only in a very limited form engendered by the Great Depression and accomplished by emergency measures that many believed would not become permanent changes. Even Americans who looked upon the social programmes of the New Deal as the origins of the American welfare state still accepted the fact that such national problems as compensation for the unemployed, the children of the poor, or the indigent and disabled elderly would vary widely according to the resources provided by state and local governments as much as regional traditions.<sup>5</sup>

<sup>5</sup> U.S. National Resources Planning Board, *Security Work and Relief Policies*. Report of the Committee on Long-Range Work and Relief Policies to the National Resources Planning Board (Washington, D.C.: U.S. Government Printing Office, 1942).

Federal financial support was always deemed to be supplementary, encouraging rather than controlling state and local policies. Private organisations supported by associations of well-to-do citizens and religious groups worked jointly with agencies managed by local communities and bore the major responsibility for dealing with the condition of those unable to care for themselves. Schools run by various local committees and boards would continue to hold a widely differing range of powers to tax citizens within their jurisdictions and to distribute educational services the quality of which depended largely on the willingness and financial ability of citizens to supply the necessary funds. Wealthier communities would educate their children differently from less wealthy communities, while ethnic and racial distinctions would play their traditional roles in determining balances of quality.

The emergence of the federal government as the controlling presence in the management of national social policy is a remarkably recent phenomenon: historians have scarcely seemed to notice how recent it is. Familiar with federal management of banking and currency, and observant of the slowly developing culmination of battles over the federal government's power to determine who could vote and under what circumstances, they have accepted such extraordinary innovations as the Civil Rights Act of 1964, the Elementary and Secondary School Act of 1965, and the subsequent legislation of programmes for support of the arts and humanities, for the requirement of occupational safety and for control of the environment as though they were simply predictable extensions of New Deal and Fair Deal reforms. By the end of the decade of the 1970s, the federal government had become the country's main arbiter in the establishment of policies affecting the social status of Americans. To the familiar policies for the promotion of equality of economic opportunity and political equality had been added policies to promote social equality; the latter intruded in spheres of life previously governed by custom and individual preference and interest.

The growth in the activities and powers of the central government, and the revenues it has collected to pursue its new objectives have had profound consequences for the philanthropic foundations. The relative decline in power of the traditional foundation in the face of increased federal management of reform has produced puzzlement and defensiveness on both sides.<sup>6</sup> Alternately the targets of attack from those who accused them of fomenting radical social reform and those who saw them as protectors of conservative powers and beliefs, foundations have continued to insist that they are private organisations engaged in appropriately private efforts to improve the condition of life. The vastly enlarged role of the federal government in supporting and managing the same kinds of

<sup>6</sup> Commission on Private Philanthropy and Public Needs, *Giving in America: Toward a Stronger Voluntary Sector*, Report of the Commission on Private Philanthropy and Public Needs (Washington, D.C.: The Commission, 1978).

projects, even at times with foundation support and borrowed foundation staffs, has not changed the defence. "Private philanthropy" remains the distinctive phrase it has always been, "Private" began as a legitimating modifier, but as the meaning of the term was changed so has its political force.

Any effort to disentangle the history of foundations depends, then, not simply on providing a story that traces the formation of the first great foundations in the first two decades of the twentieth century, but some understanding as well of the relation of such organisations to national government and politics. That relation, in turn, rests on a history of debate over the appropriate role of the federal government in achieving the reforms at which it aimed. Such questions might lead to a sounder historical understanding of the process whereby a national welfare state was legitimated against two centuries of opposition.

As early as 1854 when the Jacksonian reformer, Dorothea Dix succeeded in having her proposal for federal support of mental hospitals passed by both houses of Congress, President Franklin Pierce's veto stated the historical opposition in its starkest terms. "I cannot but repeat what I have before expressed," he wrote,

that if the several States, many of which have already laid the foundation of munificent establishments of local beneficence, and nearly all of which are proceeding to establish them, shall be led to suppose, as they will be, should this bill become a law, that Congress is to make provision for such objects, the fountains of charity will be dried up at home, and the several States, instead of bestowing their own means on the social wants of their own people, may themselves, through the strong temptation, which appeals to States as to individuals, become humble suppliants for the bounty of the Federal Government, reversing their true relation to this Union.<sup>7</sup>

The same year Henry Barnard submitted a proposal to create an "agent for education" whose office would be part of the Smithsonian Institution, but opposition from Joseph Henry of the Smithsonian helped to justify a generalised opposition that raised such issues as parochial and private education, as well as the argument that individual citizens should educate their own children and not be required to educate the children of others. A strong movement for the creation of a national system of education was part of the general furore about reform that followed in the immediate aftermath of the Civil War. While it was initially part of the argument for the creation of the Freedman's Bureau, educators like Emerson White saw it as a wider alternative. He called for the creation of a national system which would require states to maintain systems of public schools. In his argument, a National Bureau of Education would provide inspection and encouragement. Despite a fair amount of support for some kind of national programme, the opposition could still argue effectively that Congress could not take over state prerogatives or threaten local control

<sup>7</sup> *Congressional Globe*, XXVIII, 2 (1854), p. 1,062.

of schools. Even though the bill involved asked only for the collection and distribution of information, opponents could see behind the veil.<sup>8</sup>

While the work of the United States Sanitary Commission during the Civil War undoubtedly affected the post-war interest in public health boards and hospital facilities in the states, the wartime Commission had been a privately financed and privately managed agency. Efforts to press wartime enthusiasm for reform on the post-war government succeeded, finally, in the establishment in 1879 of a National Board of Health; but its life was brief and unhappy. Hedged about with restrictions on its activities intended to assure states that they would do little more than attempt to control entry and spread of yellow fever in port cities (one of the oldest and most accepted aims of the sanitarians), the Board none the less ran into opposition from its friends, who thought it weak and ineffective, as well as from its enemies, who thought it an infringement on the local practice of medicine.<sup>9</sup>

The resolution by the Civil War of the battle over states' rights did not herald a conversion of federal power into a national instrument of social reform. Indeed, one could argue that the war and the political settlement that followed it effectively blunted the pressure of Jacksonian reform. Federal support for civil rights, an aim at least some reformers believed had been a major purpose of the country's agony, was still a century away. Within a generation, Progressive reformers intent on forcing their society to face the damage and dislocation produced by advancing industrialisation and urbanisation were still content to press their revolution on state and local governments rather than Congress.

Although the move toward increased federal involvement in action to deal with social problems was slow and cautious, usually involving merely the provision of statistical information, the mood created by the more rapidly expanding demand for federal regulation of business had unexpected repercussions. The United States Supreme Court, apparently concerned over increased use of federal authority to regulate, took the opportunity in *Lochner v. New York* (1905) to declare a state law regulating the hours of bakers unconstitutional.<sup>10</sup> Since control of labour conditions was the entering wedge of reformers seeking federal rather than state redress, the future of national social reform looked ominous.

The confining of social reform to state and local government was part of a tradition of local and private initiative that accepted differences in customs, racial and religious attitudes and regional resources of personal wealth and industrial development. The line between private and public was loosely drawn and scarcely perceived by community leaders who viewed property taxes as money out of their pockets, the use of which

<sup>8</sup> Bremner, R. H., *op. cit.*, pp. 171-207.

<sup>9</sup> Dupree, A. Hunter, *Science in the Federal Government* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1957), pp. 256-270.

<sup>10</sup> 198 U.S. 45.

they wanted to superintend as carefully as they watched the money they donated to churches and charitable organisations. Even after they and their wives ceased personal management of the hospitals, schools, and havens for the poor they had founded, they continued to sit on boards and committees that oversaw the government of such social institutions. Until the turn of the century, they still ran for political office in cities like New York, Boston, and Chicago, fighting corruption and calling for more efficient uses of public money.<sup>11</sup> They continued to support the welfare agencies and the various programmes to supervise housing, safety and health they themselves had founded long after such agencies had become "public" in the sense of looking to municipal revenues for part of their financial resources. Smaller communities, many without formal government of any kind, looked to county and state boards in similar fashion. Where state and local government were concerned, the line between public and private was bridged by a sense of personal association and community action underscored by an almost universal familiarity with local and regional church organisation. Westward expansion and settlement had moved on a network of Protestant sectarian organisations that provided various kinds of community services. Such organisations preceded the establishment of governments and courts and some, like the Y.M.C.A., were explicitly charged with maintaining order by providing wholesome living conditions for the country's itinerant labour force.<sup>12</sup> None the less, the inability of Americans to accept the idea of a national social order was not an objection to the fact of social control but to its location in the central government. Nineteenth-century Americans controlled social organisation and social behaviour in states and local communities in accordance with their Victorian social beliefs, their racial, religious, and ethnic attachments, and their sense of compassion for the poor, the aged, the sick and the unemployed. It was a system that worked so effectively that its breakdown in the depression of the 1930s came as a shock to those who had supported it. Neither Herbert Hoover nor Franklin D. Roosevelt was prepared to abandon it and the slow consciousness within the New Deal that federal responsibility would ultimately have to be the answer is a mark of the reluctance to admit the ending of an era.<sup>13</sup>

To define the era that ended thus poses problems of what might be called historical consciousness. The awareness on the part of a small but significant group of Americans that the older system of local charitable

<sup>11</sup> See Diner, Steven J., "A City and its University: Chicago Professors and Elite Reform, 1892-1919", unpublished Ph.D. dissertation, The University of Chicago, 1972; see also Bunker, John D., *Urban Liberalism and Progressive Reform* (New York: Scribner's, 1973).

<sup>12</sup> Hopkins, C. Howard, *History of the Y.M.C.A. in North America* (New York: Association Press, 1951), pp. 227-239, 455-458, 594-604.

<sup>13</sup> See Romasco, Albert U., *The Poverty of Abundance: Hoover, the Nation and the Depression* (New York: Oxford University Press, 1965). Harry Hopkins, when appointed by Franklin D. Roosevelt as director of the New York State Temporary Emergency Relief Administration, was head of the New York Association for Improving the Condition of the Poor, a private charitable organisation.

support and local reform might not continue to work, at least if left in its traditional form, is where the transition begins. The creation of the modern foundation and its legitimation as a national system of social reform—a privately supported system operating in lieu of a governmental system—carried the United States through a crucial period of its development: the first third of the twentieth century. While other western societies facing similar problems moved towards national systems of governmentally supported programmes, American society evolved a private method of producing many of the same results.<sup>14</sup> The method was destined to have consequences not only for the period when foundations reigned supreme in the field of research bearing on social policy, but for the later and more recent period as well. The role the federal government was ultimately forced to accept was shaped and continues to be shaped by the presence of private philanthropy.

#### *From Charity to Philanthropy*

By the last decade of the nineteenth century, the traditional institutions and goals of American charitable action no longer sufficed to achieve the aims and satisfy the ambitions of an emerging philanthropic class, whose values changed from "charity" to "philanthropy".<sup>15</sup> The philanthropists as a group were newly minted captains of industry, self-made men riding the crest of America's surge to industrial prosperity in the last third of the nineteenth century. They were not well assimilated into the institutions and patterns of elite charitable activity, although they were mostly committed to sectarian religious traditions. And they were making money faster than they could give it away. For a generation still imbued with the notion of the stewardship of wealth, this fact alone posed problems and created an incentive to establish new modes of charitable action.

They were modern businessmen committed to notions of rationality, organisation and efficiency. They saw no reason why their charitable action should not be guided by the same principles as their business concerns, and indeed the task of giving away large sums of money almost necessitated the rationalisation of charity. These new men were also imbued with the ethic of modern science, which taught, at a minimum, the distinction between causes and results, between pathology and symptomatology.<sup>16</sup> The new generation of philanthropists therefore came to perceive the inefficiency of the general goal of charity, which was the alleviation of the immediate effects of "social dysfunction": poverty, sickness and the various gross forms of social disorder. A more scientific and business-like approach, they thought, was to attack the root causes of

<sup>14</sup> A valuable treatment of a private philanthropic system developing in the shadow of a welfare state is to be found in Owen, D., *op. cit.*; see also Clough, Shephard B., "Philanthropy and the Welfare State in Europe", *Political Science Quarterly*, LXXV (March 1960), pp. 87-93.

<sup>15</sup> See, for example, Allen, William H., *Modern Philanthropy: A Study of Efficient and Appealing Giving* (New York: Dodd, Mead, 1912).

<sup>16</sup> Rosenberg, Charles, *No Other Gods* (Baltimore: Johns Hopkins University Press, 1976).

social dysfunction directly, when one could determine what they were. And how did one find out? The answer, it seemed clear by the turn of the twentieth century, lay in the scientific investigation of social and physical well-being. The answers lay in research, and in precisely that sort of investigation which characterised the work of scientists and the new social scientists in the emerging American university system. Economically, philosophically and politically, then, philanthropy and the modern university with its emphasis on research are the products of the same era and the same impulses.<sup>17</sup>

Captains of industry such as John D. Rockefeller and Andrew Carnegie, towards the end of their active business careers, wholeheartedly accepted the ambitions of the modern spirit of philanthropy. They understood that their wealth could best be used to investigate the underlying causes of human and social evil, but of course it was not obvious to them or their contemporaries how such a goal could most readily be achieved.<sup>18</sup> One solution, clearly, was simply to contribute material resources to the new universities, or to help found them, as Rockefeller did with the University of Chicago in 1892. But it was not yet clear how scientifically ambitious the universities would become, especially since it was not until after 1910 that the intellectual aspirations of the universities would clearly separate the graduate schools of the university from the college, with its primary commitment to the education of undergraduates.<sup>19</sup> Moreover, to give to the universities, it became clear—although it was always clear to Rockefeller—was to lose control over the use of the funds which they contributed. In any case, the universities were new and untried.

What alternative institutions were there? By and large, traditional charitable institutions were narrowly focused on particular problems and committed to cautious and well-tried courses of action. They were directed by quasi-professionals and élite trustees who were not likely to change their goals or patterns of behaviour radically. Although a good deal of effort went into the rationalisation of such traditional and charitable activity, under the guidance of the "charity organisation" movement, this was clearly a rationalisation of tradition. Radically new approaches would require new institutional forms, and at least one type began to seem fairly obvious and attractive by the latter part of the nineteenth century. This was the endowment, generally organised legally as a trust, with a specific yet untraditional goal.<sup>20</sup>

<sup>17</sup> Veysey, Laurence R., *The Emergence of the American University* (Chicago: University of Chicago Press, 1965).

<sup>18</sup> Carnegie, Andrew, "The Best Fields for Philanthropy", *North American Review*, CXLIX (December 1889), pp. 682-698; Rockefeller, John D., *Random Reminiscences of Men and Events* (New York: Doubleday Page, 1909), pp. 130-188; Gates, Frederick T., "Memo by Mr. Gates", 7 October, 1906, *Frederick T. Gates Papers*, Rockefeller Archive Center, Hillcrest, Pocantico Hills, New York, Box II, File 27 (hereafter *Gates Papers*).

<sup>19</sup> Veysey, L. R., *op. cit.*, pp. 22-57.

<sup>20</sup> Lowell, Josephine S., "True Aim of Charity Organization Societies", *Forum*, XXI (June 1896), pp. 494-500.

These new charitable trusts were mainly founded in response to the dilemmas concerning the status of Negroes in the "New South". The most important of these was founded by George Peabody, an American businessman then resident in England, and was devoted to the improvement of Negro education.<sup>21</sup> Peabody recruited to his board of trustees a distinguished group of eastern businessmen-philanthropists, and spurred the creation of parallel efforts, all of which were more or less co-ordinated, ultimately under the guidance of the Southern Education Board. John D. Rockefeller, who had been earlier attracted to the movement, responded to this stimulus by the creation in 1902 of the General Education Board, the primary mission of which was to address itself to southern education, but its immense financial resources gave it new scope, power and potentiality.<sup>22</sup>

### *The Welfare of Mankind as an Objective*

At just about this time comparable institutions began to emerge, on the apparently simultaneous and unexamined assumption that the philanthropic trust could best be organised with very general terms of reference. In this way, the donor could make a substantial gift in trust, that is in perpetuity, to be managed by a self-perpetuating board of trustees, its use limited only by the most general statement of purpose imaginable—ordinarily, to promote the "well-being of mankind". Although the philanthropic trust seems obvious in retrospect, it was both unlawful—given the standards of British and American trust law—and unforeseen at the moment it sprang into a multiple existence in the first decade of the twentieth century. The philanthropic foundation thus represents the fusion of traditional charitable organisation, ancient methods for the perpetuation of family wealth and novel social, legal and intellectual ideas.

In the earliest period of foundation-founding, philanthropists established a number of different models before they settled on a preference for the philanthropic foundation with general purposes. The university itself was one such form, and probably Johns Hopkins and the University of Chicago were its most perfect embodiments.<sup>23</sup> A second possible form was the research institute, along the lines of the Rockefeller Institute of Medical Research and the Carnegie Institution of Washington. These were, essentially, universities without students in which carefully selected investigators could pursue scientific inquiry unhindered by the obligations of teaching and administered in a manner which avoided the politics, goals and traditions of educational institutions. The research institute, a

<sup>21</sup> Curry, J. L. M., *Brief Sketch of George Peabody and a History of the Peabody Education Fund Through Thirty Years* (Cambridge: John Wilson, 1898); Ware, Louise, *George Foster Peabody: Banker, Philanthropist, Publicist* (Athens, Georgia: University of Georgia Press, 1951).

<sup>22</sup> Fosdick, Raymond B. and Pringle, Henry, *Adventures in Giving* (New York: Harper, 1962).

<sup>23</sup> Hawkins, Hugh, *Pioneer: A History of the Johns Hopkins University 1874-89* (Ithaca: Cornell University Press, 1969); Storr, Richard, *Harper's University: The Beginnings* (Chicago: University of Chicago Press, 1966).

form with obvious European antecedents, was destined for a long and successful career in the United States, although, as the history of Rockefeller University indicates, Americans have always viewed institutions of pure research with a sceptical eye.<sup>24</sup> Third, the reform trust with a single purpose proliferated. The tradition begun by Peabody was carried on under a variety of different labels: the Rockefeller Sanitary Commission for the Eradication of Hookworm Disease, the Carnegie Foundation for the Advancement of Teaching and the like. These trusts were all more or less closely devoted to the solution of particular social problems, and in some cases they were restricted in time, either for a designated number of years or to that period of time sufficient to solve the designated problems. Fourth, the tradition of social work itself spawned a number of institutions intended to carry on the newly professionalised conduct of social work, and which proved to be a sort of mid-point between charitable and philanthropic action. The best exemplar of such an institution was fittingly entitled the (Chicago) School of Civics and Philanthropy. Such institutions were closely aligned with the new national and international associations of social workers, and also with state and local agencies charged with social welfare tasks.<sup>25</sup>

The most adventurous of the philanthropists, however, preferred not to limit themselves or their philanthropic successors. Thus, beginning with the creation of The Carnegie Corporation in 1911 and the Rockefeller Foundation in 1913, the modern philanthropic foundation came into existence. This is not to suggest that the foundation came into existence full-blown, although its legal form has remained unchanged to this day. Rather, what has persisted has been the notion of large economic resources devoted in perpetuity to the advancement of the general welfare of society, and distributed according to the changing wishes of the trustees—and later, staff—who were the legal custodians of the fund. Moreover, from the very start it seemed clear that a substantial proportion of the annual income of these institutions was to be devoted to scientific and social research, much of it done through grants to universities, but substantial proportions performed by scientists employed by the foundations themselves.<sup>26</sup>

The philanthropic foundation was, then, a noble and heroic endeavour, and it was also unique to the United States. The reasons for this are not altogether clear, although of course there were few countries, even in Europe, in which so many large fortunes were created so quickly, and in which, therefore, so much readily disposable capital was in the hands of

so many new men.<sup>27</sup> Equally important, there was in the sectarian United States no national Church with a tradition of charitable action and with strong links to schemes of public welfare of all kinds. There was, that is, a huge field of opportunity for privately controlled charitable investment at just that moment when modern reform, professionalisation and reorganisation were taking hold of American society. There was thus an opportunity for the philanthropists to align themselves with the reformers and the new professional classes on the basis of a common commitment to humanitarian, democratic and generally acceptable political and social goals.

There was also an opportunity, as a society of corporations gave way to the corporate state, for the foundation, the corporate form of charity, to play a major role in preparing the way for the modern state. For by supporting research and thereby influencing the choice of social policies, the philanthropists were capable of exercising the function of shaping governmental actions in what was increasingly identified as the private sector, especially once the associational ethos of the first decade of the century gave way to the new emphasis on the value of private action of the 1920s.<sup>28</sup> Some of this was consciously striven for, some of it came into existence seemingly unperceived, but by the late 1920s it had become clear that the foundations and their allies had played an important role in forming a national policy for American society quite different from that of the explicitly rejected welfare capitalism of Great Britain and the Continent.

The immediate ancestors of all modern philanthropic foundations are the Russell Sage Foundation, the Carnegie Corporation and the Rockefeller Foundation. The Russell Sage Foundation, founded in 1907 by Olivia Sage with the inheritance from her despised financier-husband, employed the form and rhetoric of the foundation with a general purpose but in fact it represented a continuation and modernisation of the tradition of social work. The foundation was conceived of and managed by Robert DeForest, a wealthy lawyer and proponent of the "charity organisation movement".<sup>29</sup> It drew its staff and its projects, most of which were carried on by the foundation itself, from the network of social work organisations, and most of all its long-term director John Glenn, a lawyer-social worker from Baltimore.<sup>30</sup> More modern, in the sense that it drew its purposes more generally from the views of its trustees and staff, and distributed its funds more widely, was the Carnegie Corporation. After an early period

<sup>27</sup> See, for example, Giovanni Agnelli Foundation, *Guide to European Foundations* (New York: Columbia University Press, 1973).

<sup>28</sup> Hawley, Ellis W., "Herbert Hoover, the Commerce Secretariat, and the Vision of an 'Associative State', 1921–1928", *Journal of American History*, LXXXI (June 1974), pp. 116–140.

<sup>29</sup> "Suggestions for a Possible Sage Foundation. Memorandum made by R. W. deForest for Mrs. Sage", 10 December, 1906, Russell Sage Foundation Files, New York.

<sup>30</sup> Glenn, John M., "Personal Reminiscences", *The Sight-Saving Review*, X (September 1940); Glenn, John M., Brandt, Lillian and Andrews, F. Emerson, *The Russell Sage Foundation, 1907–1946* (New York: Russell Sage Foundation, 1947).

<sup>24</sup> Corner, George W., *A History of the Rockefeller Institute, 1901–1953: Origins and Growth* (New York: Rockefeller Institute Press, 1964), pp. 1–55.

<sup>25</sup> Trattner, Walter and Klein, Philip, *From Philanthropy to Social Welfare* (San Francisco: Jossey-Bass, 1968).

<sup>26</sup> Jerome D. Greene to Trustees of The Rockefeller Foundation, 21 January, 1914, *Files of The Rockefeller Foundation*, Rockefeller Archive Center, Record Group 3, Series 900, Box XVIII, Folder 129 (hereafter cited in this fashion: RF 3.900.XVIII.129).

characterised by the commanding presence of Andrew Carnegie, the Corporation invested fairly widely in American universities and research projects, as did the Rockefeller Foundation following the First World War.

For all three foundations, but especially for Carnegie and Rockefeller, there was begun the process of awarding grants which developed links between the philanthropic organisations, research workers, social reformers and government. The lines between government and private action, through financial support, were blurred when they were recognised at all, as evidenced by investment of the General Education Board in "public" education of Negroes<sup>31</sup> or the Rockefeller Foundation's investment in the United States Department of Agriculture experimental stations in the south.<sup>32</sup> The foundations also supported private and public institutions of a novel character, designed to stimulate the research upon which the making of public policy depended. Among such efforts were the Brookings Institution, the National Academy of Sciences-National Research Council, the Social Science Research Council and the National Bureau of Economic Research.<sup>33</sup> They thus had a hand in creating a complex system of institutions devoted to the generation, communication and control of research with a bearing on public policy, and they quickly came to play a significant role in the determination of the membership of the interlocking staffs which came to dominate the major national organisations concerned with the promotion of research. To argue that this occurred by 1930 is certainly not, however, to argue that it was the deliberate intention of the philanthropists.

#### *Populistic and Anti-Capitalistic Distrust of Foundations*

One cannot exaggerate the extent to which contemporaries perceived the potential of the foundation movement, both for good and ill. Almost from the moment of the creation of the first foundation, there came into being a body of criticism which has not significantly altered over the past 75 years. The criticism was, on the whole, populistic and was based on the assumption that the foundations represented the investment of ill-gotten gains in a manner which threatened to subvert the democratic process by giving philanthropists a determining role in the conduct of American public life. As one reads through the hostile literature, originating in the protest against congressional incorporation of the Rocke-

efeller Foundation<sup>34</sup> and the Walsh Commission hearings on industrial relations of 1915-16,<sup>35</sup> following through bitter attacks of Harold Laski<sup>36</sup> and others in the late 1920s and early 1930s to the twin attacks on conservative congressmen and political radicals in the 1950s<sup>37</sup> and 1960s,<sup>38</sup> similar themes recur: money which ought to be in the hands of the public is being retained by aristocrats for purposes beyond the control of democratic institutions; the academic freedom of universities is being subverted by control of academic budgets by the foundations; public policy is being determined by private groups; the scientific and scholarly research and the artistic creativity of individuals are being stifled by the emphasis of foundations on group-research; smallness and individual effort are thwarted by materialistic and business-oriented demands of foundation management; foundations are bastions of an élite of white, Anglo-Saxon, Protestant managers holding out against the normal development of a pluralistic and ethnic society; and so on. These criticisms, and their counterparts, are founded generally in the half-examined premise that foundations pose an intellectual and financial threat to the democratic constitution of the national intellectual life. More important, there exists the almost totally unexamined view that an intellectual conspiracy threatens the health of the body politic. The foundations have learned to live with this criticism, although it accounts for their perennially defensive political and intellectual attitude, but what matters to the present argument is the way in which the foundations overcame political challenges to their legitimacy in the first years of their existence.

The first assault was directed primarily at the philanthropical activities of John D. Rockefeller. It arose out of Rockefeller's attempt to secure a congressional charter of incorporation for his foundation in 1910, when, as he knew, he would have no difficulty whatsoever in achieving precisely the same legal result in the state legislature in Albany. Congress had

<sup>34</sup> U.S. Senate, 62nd Congress, 3rd session, *The Rockefeller Foundation*, Report No. 1258 (Washington, D.C.: U.S. Government Printing Office, 1913); U.S. House of Representatives, 62nd Congress, 2nd session, *The Rockefeller Foundation*, Report No. 529 (Washington, D.C.: U.S. Government Printing Office, 1912); U.S. Senate, 61st Congress, 2nd session, *Incorporation of the Rockefeller Foundation*, Report No. 405 (Washington, D.C.: U.S. Government Printing Office, 1910); *Congressional Record*, LI (1913), pp. 1,109-1,113, 1,808-1,811, appendix pp. 74-75.

<sup>35</sup> U.S. Senate, 64th Congress, 1st session, *Industrial Relations: Final Report and Testimony Submitted to Congress by the Commission on Industrial Relations*, Document No. 415 (Washington, D.C.: U.S. Government Printing Office, 1916).

<sup>36</sup> Laski, Harold J., *Dangers of Obedience* (New York: Harper, 1930).

<sup>37</sup> U.S. House of Representatives, Select Committee to Investigate Tax-Exempt Foundations, 82nd Congress, 2nd session, *Final Report*, House Report 3514 (Washington, D.C.: U.S. Government Printing Office, 1954); U.S. House of Representatives, Select Committee to Investigate Tax-Exempt Foundations, 82nd Congress, 2nd session, *Hearings* (Washington, D.C.: U.S. Government Printing Office, 1954); U.S. House of Representatives, Select Committee to Investigate Tax-Exempt Foundations, 83rd Congress, 2nd session, *Final Report*, House Report 2681 (Washington, D.C.: U.S. Government Printing Office, 1955); U.S. House of Representatives, Select Committee to Investigate Tax-Exempt Foundations, 83rd Congress, 2nd session, *Hearings* (Washington, D.C.: U.S. Government Printing Office, 1955).

<sup>38</sup> U.S. House of Representatives, Committee on Ways and Means, 91st Congress, 1st session, *Hearings on the Subject of Tax Reform* (Washington, D.C.: U.S. Government Printing Office, 1969); U.S. Senate, Committee on Finance, 91st Congress, 1st session, *Hearings on House Report 13270* (Washington, D.C.: U.S. Government Printing Office, 1969).

<sup>31</sup> See Hartan, Louis R., *Separate and Unequal: Public School Campaigns and Racism in the Southern Seaboard States, 1901-1915* (Chapel Hill: University of North Carolina Press, 1953), pp. 75-101.

<sup>32</sup> McConnell, Grant, *Private Power and American Democracy* (New York: Knopf, 1966).

<sup>33</sup> Oswald W. Knauth to Beardsley Ruml, 2 December, 1920, Carnegie Corporation of New York Files, New York.

already granted corporate charters to the General Education Board,<sup>39</sup> the Carnegie Institution of Washington<sup>40</sup> and the Carnegie Foundation for the Advancement of Teaching,<sup>41</sup> but sensitivity to special acts of incorporation had increased at the same time that Rockefeller's reputation had declined. Rockefeller sought federal authorisation precisely at the time that his Standard Oil empire was in the last stages of its unsuccessful struggle against dismemberment on grounds of violation of anti-trust regulations, and when his reputation as a "robber baron" was a standing offence to public opinion.<sup>42</sup> He undoubtedly thought that congressional recognition of his remarkable generosity would convey to the public his own sense of moral rectitude, but of course the result was just the opposite, and his failure to win over the Senate seemed to confirm the official condemnation of his business conduct.

Matters were exacerbated in the hearings of the Walsh Commission in 1915 which produced at the same time devastatingly negative information on Rockefeller's sense of social responsibility in the management of industrial relations and the showcase for a broad range of liberal disapproval of the very concept of philanthropy. Under the leadership of the progressive lawyer, Senator Frank Walsh, the United States Commission on Industrial Relations conducted a wide-ranging inquiry into the impact of the modern industrial system on labour relations in the United States. The Commission quickly identified the new philanthropic foundations as thinly disguised capitalist manipulation of the social order, and interrogated most of the leading creators of foundations of the era: Rockefeller, Carnegie, and Daniel Guggenheim. The Rockefellers were hardest hit, since the "Ludlow Massacre" which had just occurred at their Colorado Fuel and Iron subsidiary revealed even young John D. Rockefeller, Jr. as implicated in ruthlessly oppressive policies of the most appalling character against labouring men, and caught him in a bare-faced lie when he denied participation in the management of the affairs of the Colorado Fuel and Iron Company. The message was not lost on Walsh, who pointed out that John D. Rockefeller, Sr.'s "philosophy" sought "to justify our existing economic and industrial regime, and the relation of the great foundations thereto". Walsh contended that the Commission hearings had led him to "challenge the wisdom of giving public sanction and approval to the spending of a huge fortune thru such philanthropies as that of the Rockefeller Foundation", since "the huge philanthropic trusts, known as foundations, appear to be a menace to the welfare of society". The problem was that the enormous leverage of industrial wealth enabled the philanthropists "to become molders of public thought. . . ."

<sup>39</sup> 32 U.S. Statutes: 768-769, 12 January, 1903.

<sup>40</sup> 33 U.S. Statutes: 575-577, 28 April, 1904.

<sup>41</sup> 34 U.S. Statutes: 59-61, 10 March 1906.

<sup>42</sup> See Nevins, A. F., *Study in Power: John D. Rockefeller, Industrialist and Philanthropist* (New York: Scribner's, 1953), vol. II, pp. 356-385; Pringle, Henry F., *The Life and Times of William Howard Taft: A Biography* (New York: Farrar and Rinehart, 1939), vol. II, pp. 659-667.

Even if the great charitable and philanthropic trusts should confine their work to the field of science, where temperament, point of view, and economic theory cannot enter, many of us should still feel that this was work for the state, and that even in the power to do good, no one man, or group of men should hold the monopoly.<sup>43</sup>

Walsh's sentiments have been repeated many times during the ensuing 65 years.

Hostility to the idea of the foundation was thus intense in the period up to American entry into the First World War, but of course with the single exception of the rejection of the Rockefeller charter, which was meaningless in view of the ready availability of state authorisation, there was really nothing the opponents of foundations could do to eliminate them. And in any case the tide of opinion with respect to foundations began to change rapidly after 1916.<sup>44</sup> Perhaps the most significant reason for this shift in opinion was the extraordinary effort of the Rockefeller philanthropy in support of European relief, but perhaps even more important was the widespread penetration of the expanded government by businessmen in connection with the multifarious tasks required for the conduct of war.<sup>45</sup> Many of the young members of philanthropic staffs and trustees of foundations were themselves active in the war in civilian and military capacities, and returned with a new understanding of and acceptance in the public sphere after 1918.

A number of factors contributes to the legitimation of the foundations following the War. Perhaps most important was the quick maturation of the foundations themselves. By this we mean the death or removal of the original donor from the management of the foundation, and the emergence of foundation staff as the predominant determiners of the actions of the foundations. This was true in all the major foundations, even at Rockefeller where John D. Rockefeller, Jr. survived his father to symbolise family presence in the foundation, but he deferred to the newly professionalised staff in the management of the foundation's affairs. The process was speeded by the emergence of strong personalities who devoted all their time to their work at the major foundations: John Glenn at Russell Sage, George Vincent at Rockefeller and Frederick Keppel at Carnegie. These professionals and their staffs were supported by trustees who, increasingly, were not drawn from among the personal and business associates of the donors, but rather represented a selection from the business and social élite of the north-eastern United States, and thus helped to broaden support of the foundations within that élite.<sup>46</sup>

<sup>43</sup> Walsh, Frank P., "Perilous Philanthropy", *The Independent*, LXXXIII (August 1915), p. 262.

<sup>44</sup> Nevins, A. F., *op. cit.*, vol. II, p. 420.

<sup>45</sup> Cuff, Robert, *The War Industries Board: Business-Government Relations during World War I* (Baltimore: Johns Hopkins University Press, 1973).

<sup>46</sup> George E. Vincent to Jerome D. Greene, 13 September 1928, RF 3.903.1.1; H. S. Pritchett to the trustees of the Carnegie Corporation of New York, 13 February, 1922, Carnegie Corporation of New York Files; F. P. Keppel to Nicholas Murray Butler, 28 November, 1938, Carnegie Endowment for International Peace Archives, Department of Special Collections, Butler Library, Columbia University, New York.



The acceptance of foundations was also promoted by the activities of the foundations during the period from 1918 until the Great Depression. Money carefully given sometimes makes friends among its recipients, and that was certainly the case with the foundations. The universities were quickly won over, as were numerous private and public agencies which had been helped by the philanthropists. The foundations encouraged the development of intermediary organisations, such as the Social Science Research Council, to mediate between themselves and competitors for the support proffered by the foundations and they thus succeeded in creating a belief that they were not permanently aligned with any one set of individual research workers or with particular institutional recipients of their awards. They also shrewdly supported a wide variety of recipients, individual and corporate, and they also carefully selected the objects of their largesse in order to avoid public controversy. Medicine was always safe as well as any number of subjects within the ordinary and accepted range of social welfare. What was to be avoided was the appearance of investment in research which touched on controversial political questions even when that was in fact the objective of foundations and research workers. The result of ten years of effort was the creation of a network of institutions—mainly but not entirely universities—and individuals, in education, government and social work, who came to know and depend upon one another, and who frequently exchanged places.<sup>47</sup> Since they numbered amongst themselves a good many of the leaders of public opinion, it is not surprising that the new institutions received a generally favourable press.

The acceptance of the foundations was most importantly reinforced by their dramatic successes. It could be claimed that the grants and initiative of the foundations had eliminated pellagra, hookworm, typhoid, yellow fever, malaria, and numerous other physical ailments which had throughout history damaged and shortened life.<sup>48</sup> They had contributed to the search for international peace following the First World War, contributed to the improvement of the techniques of the social survey on which so much reform was based, and pointed a way toward schemes of social reform, especially in the urban areas.<sup>49</sup> In the 1920s it was generally accepted that the foundations were doing good and it was not really until the very different years following the Second World War that they encountered a new wave of public suspicion.<sup>50</sup> Nothing succeeds like

<sup>47</sup> Kusner, Kenneth L., "The Functions of Organized Charity in the Progressive Era: Chicago as a Case Study", *Journal of American History*, LX (December 1973), pp. 657-678.

<sup>48</sup> See U.S. House of Representatives, 62nd Congress, 2nd session, *The Rockefeller Foundation*, Report No. 529, pp. 2-3; see also Benison, Saul, "Poliomyelitis and the Rockefeller Institute: Social Effects and Institutional Response", *Journal of the History of Medicine and Allied Sciences*, XXIX (January 1974), pp. 74-92.

<sup>49</sup> McClymer, John F., "The Pittsburgh Survey, 1907-1914: Forging an Ideology in the Steel District", *Pennsylvania History*, XLI (April 1974), pp. 169-186.

<sup>50</sup> See editorial, "Scientific Philanthropy", *The New York Times*, 5 January, 1929.

longevity, and by 1929 the foundations had come to appear traditional, inevitable and acceptable.

### *The Convergence of the Progressive Movement and the Aspirations of the Foundation*

The emergence of the modern foundation at that special point in American history generally defined as the "Progressive era" suggests some important questions both about philanthropy and "Progressivism". The creators of the great foundations were not "Progressives", either politically or intellectually. It is inconceivable that either Carnegie or Rockefeller could have supported all of Theodore Roosevelt's policies as president, although Carnegie had been sympathetic to Theodore Roosevelt in 1912. Rockefeller feared Bryan and enthusiastically supported McKinley. Both men fought against organised labour with the kind of brutality many in their position considered appropriate.<sup>51</sup>

At the same time, the activities of the new foundations, like those of their donors before they created the foundations, continued to support issues and institutions which were espoused by the Progressive movement. This included not only the concerns with medicine and social welfare, but universities and other research institutions directly concerned with governmental economic policy. Some kind of bureau of governmental research interested John D. Rockefeller as early as 1915; and while a national institution of that kind was not clearly envisaged until after the First World War he had already contributed to the New York Bureau of Municipal Research.<sup>52</sup> Indeed, both Carnegie and Rockefeller had supported local reform groups which were later designated "progressive" for at least a decade before the term had been given any political significance.

Part of the problem of defining their relation to the era lies in the distinction, once again, between local and national reform. Wealthy local leaders in cities like Boston and New York had long engaged in campaigns for reforms of various kinds to which they contributed time and money. They joined a growing group of influential leaders in universities and of publishers associated with national newspapers and periodicals to support reformers drawn from the social and intellectual élite which included Seth Low, president of Columbia University and mayor of New York, Charles Eliot of Harvard and William Rainey Harper of the University of Chicago.

<sup>51</sup> McCloskey, Robert G., *American Conservatism in the Age of Enterprise* (Cambridge, Mass.: Harvard University Press, 1951); Carnegie, Andrew, *Problems of Today: Wealth-Labor-Socialism* (New York: Doubleday, Page 1908); Fitch, John A., "Ludlow, Chrome, Homestead and Wall Street in the Melting Pot", *Survey*, XXX (13 February, 1915), pp. 531-534.

<sup>52</sup> See Dahlberg, Jane S., *The New York Bureau of Municipal Research: Pioneer in Government Administration* (New York: New York University Press, 1966); Grossman, David M., "Professors and Public Service, 1885-1925: A Chapter in the Professionalization of the Social Sciences", unpublished Ph.D. dissertation, Washington University, St. Louis, 1973; Saunders, Charles B., Jr., *The Brookings Institution: A Fifty-Year History* (Washington, D.C.: Brookings Institution, 1966); Critchlow, Donald T., "The Brookings Institution: The Early History 1916-1952", unpublished Ph.D. dissertation, University of California, 1976.

They visited clubs like the Lotos in New York, the Cosmos in Washington, and the City Club of Chicago to discuss local and national problems in convivial and opulent surroundings. Woodrow Wilson attended club dinners and spoke on programmes with Andrew Carnegie and other influential New Yorkers long before he gave up the presidency of Princeton and entered politics. If some, like James Jackson Storrow of Boston, were losing political campaigns to new leaders in partisan local politics like "Honey-Fitz" Fitzgerald, men against whom they now felt themselves arrayed, the national scene could well have seemed more inviting and encouraging, particularly after Wilson's nomination by the Democratic convention of 1912 and his election to the presidency.

The new industrial élite had all taken part in the national development of more effective collaboration between the federal government and industry. Some, like Rockefeller, were advocating national charters for business corporations to enable them to deal more directly with Washington and with those aspects of regulation and rationalisation they were finding useful.<sup>53</sup> Industrial firms like Standard Oil and the steel manufacturers who had recently come together to create United States Steel were national enterprises. Relations with and among the states were incidental to the national scale of their industries and therefore inefficient. Some of those who had sought to introduce systems of budgeting and uniform methods of accounting in their local governments were now looking hopefully towards similar transformations in federal economic management.<sup>54</sup> Even progressives who joined with populists in decrying the evils of the trusts and seeking either their regulation or their dissolution were attracted to the same conceptions of efficient management that many who had built the trusts were seeking.

When philanthropists like Rockefeller and Carnegie sought to apply similar and familiar governmental and legal standards to the national corporations they believed their foundations to be, they ran into political opposition which puzzled them. Local urban reform movements had tended to be anti-political, attacking corruption in the management of tax revenues. Locally, the issues of schools, charity and welfare, protective services of various kinds, and the rapidly growing problems of housing and land-use control had all entangled the charitable interests of philanthropic reformers with the political aims of partisan organisations. Philanthropic reform had always been a tangled skein, several threads of which always led to local political parties and their leaders. The alliances that could be struck between local reform groups, industrial leaders, and party leaders could be struck most effectively when there existed leaders who

could maintain ties with all three groups, or at least with any two of the three. Theodore Roosevelt of New York and Carter Harrison in Chicago were two of the more remarkable examples. Roosevelt, like his younger cousin Franklin at a later date, was in fact a professional politician throughout his career, yet none even among their closest followers would have defined them as "pols" or linked them with the rabble of political hacks which their reform literature denigrated. Yet the Roosevelts were among the classic philanthropic families of New York, members of the merchant banking élite that had also produced the Mellons of Pittsburgh and would eventually produce the Kennedys of Boston. Some became politicians, some did not, but all could be classed with the wealthy philanthropists.

The attempt on the part of the new foundations to conduct their activities on a national scale and to win national political recognition for so doing raised the issue of whether or not the traditional relationships between philanthropists and government which were acceptable in dealing with local issues and issues in the states could be transferred to the federal government. This seemed to them a reasonable extension of an experience they had helped modernise, one which should, by the turn of the century, have been able to override the opposition the Jacksonians had faced from Pierce and other traditionalists in 1854. The fact that John D. Rockefeller in his submission of a revised foundation charter after its first defeat in Congress was willing to make concessions to governmental supervision which dwarf even the most recent efforts at governmental regulation of foundations indicates, perhaps, the extent of his desire for an acknowledgement of the Rockefeller Foundation's legitimacy in the eyes of a national public. Congress could "impose such limitations upon the objects of the corporation as the public interest may demand", the new charter was to read. Congress could direct the dissolution of the foundation after 100 years. Election of new trustees would be subject to disapproval within 60 days by a majority of a group which would consist of the President of the United States, the chief justice of the Supreme Court, the president of the Senate, the speaker of the House of Representatives, and the presidents of Harvard, Yale, Columbia and the Johns Hopkins Universities and the University of Chicago.<sup>55</sup>

The proposed new charter also raises two additional problems which are essential to understanding the character of the modern foundation. One is the question of whether such a charter would have made the corporation public or private. The second is the question of whether social concerns, even so broadly defined as "the well-being of mankind", can be separated from the political and economic interests of the federal govern-

<sup>53</sup> Rockefeller, J. D., *op. cit.*, pp. 68-69.

<sup>54</sup> Message of the President of the United States transmitting report of the Commission on Economy and Efficiency on the subject of the need for a national budget, 27 June, 1912, 62nd Congress, 2nd session, *The Need for a National Budget*, House Report No. 854 (Washington, D.C.: U.S. Government Printing Office, 1912).

<sup>55</sup> U.S. Senate, 62nd Congress, 3rd session, *The Proposed Incorporation of the Rockefeller Foundation in the District of Columbia* (Washington, D.C.: U.S. Government Printing Office, 1910).

ment. The two problems are inextricably intertwined in ways which, once again, appear to be peculiar to the situation in the United States.

The relation between public and private was part of the dilemma of Progressivism as well. From what one can tell, the Progressive generation—indeed, reformers back into the Jacksonian era—did not look on the institutions of state and local government as institutions that raised the issue of privacy. State and local governments still came under the rubrics of self-government and all that implied to those for whom local and state citizenship was the primary source of political legitimacy. Local and state government and politics responded to the commands of the interest groups, special élites, and traditional religious organisations which controlled political power. The federal government had no generally and widely esteemed traditions and, in the minds of those satisfied with the systems of local politics that gave them their sense of governing themselves, it did not need one. Only wars required such a sense of nationality and every war before the Spanish-American war could be taken as proof that there were many obstacles to the formation of such a national culture.

When Progressivism was transformed from a reform movement into a political movement, it raised the issues of a national culture in ways that would continue to be threatening to the local and regional bases of American politics. Yet, urbanisation and industrialisation had pushed the country to a point where fundamental inequities in living conditions and economic opportunities could be described as national issues rather than as matters to be dealt with, if they were to be dealt with at all, by local or regional action.<sup>56</sup> Whether or not the frontier had served as the relief valve that made such a national consensus unnecessary, Americans of the turn of the century were being pressed to believe that they needed such a sense of nationality. The arguments for a national viewpoint and for national institutions were being put forth by national publications and the national network of local élites who travelled to the various city reform clubs to speak, the growing numbers of academics who moved from university to university carrying their interests in social reforms with them, and now the philanthropists who were being persuaded by their advisers to support scientific research. Whatever they thought scientific research meant, they agreed on the ideal of universality embedded in the search for the "root causes" of the evils they had once been content to attack, instance by instance. Universality and nationality were bound, ultimately, to encounter the particularity and localism on which the fervent individualism Americans identified as their common birthright was based.

The failure of Progressivism as a political movement for social reform left a large scope for philanthropy.<sup>57</sup> That failure stemmed in part from

<sup>56</sup> Croly, Herbert, *Promise of American Life* (New York: Macmillan, 1909); Wiebe, Robert, *The Search for Order* (New York: Hill and Wang, 1964).

<sup>57</sup> Link, Arthur S., "What Happened to the Progressive Movement in the 1920s?", *American Historical Review*, XLIV (July 1959), pp. 833-851.

the refusal of Americans to make the federal government a centre of national social reform. One can explain that refusal in a variety of ways. Localism and individualism were among the ideals preserved by those who remembered President Pierce's concerns with the fountains of charity; but one could cite a harder and more politically realistic set of reasons by the turn of the century. Southern politicians had their own historical recollections of the consequences of national reform movements. Reconstruction had taught unforgettable lessons about the power of the federal government when it set out on a reforming crusade. Western agrarian interests had reason to be concerned about the effects of federal regulatory powers even on subjects like banking and railroad rates where they had pressed for expanded authority but discovered in the aftermath that they would still have to fight to ensure that centralised power would be exercised in their interests. Industrial leaders like Rockefeller and Carnegie were aware, even as they argued for federal acceptance of their philanthropic endeavours, that they wanted to limit federal intervention in their industrial interests. The fact that they chose not to confuse the profits they expected with their philanthropy distinguishes them sharply from the tradition of philanthropy which had sought to humanise the industrial system by engaging industries themselves in the social lives of workers.<sup>58</sup> Neither Carnegie nor Rockefeller ever seemed to think of themselves as doing anything for workers through their philanthropy, except only through paternalistic gifts of pensions, although Carnegie did endow libraries for some of his workers. Indeed, they had for years taken an unyielding position about the discontent and the unionisation of their workers; and they continued to do so, even after the formation of their foundations. Their business interests were effectively separated from their obligations to society; the former required one attitude towards the federal government, the latter another.

Yet Rockefeller, at least, sought some kind of federal support for his philanthropic activities through his request for a charter. It is by no means easy to see what he actually thought he was doing, what changes in the attitude and direction of federal policy toward social welfare he thought he was advancing. It is not known whether he asked himself whether success in his request for a federal charter would lead other philanthropists to look to the federal government for charters; or whether all national philanthropy should be federally chartered.<sup>59</sup>

That rejection may be more important than the confused debates which surrounded it. Both Progressivism and the move toward a national system

<sup>58</sup> Brandes, Stuart D., *American Welfare Capitalism, 1880-1940* (Chicago: University of Chicago Press, 1970) calls John D. Rockefeller, Jr. a "welfare capitalist". While that description may have had some relevance after Ludlow, his father could never have been accused of sharing those sentiments.

<sup>59</sup> See U.S. Senate, 62nd Congress, 3rd session, *The Rockefeller Foundation*, Report No. 1258; U.S. House of Representatives, 62nd Congress, 2nd session, *The Rockefeller Foundation*, Report No. 529; U.S. Senate, 61st Congress, 2nd session, *Incorporation of the Rockefeller Foundation*, Report No. 405; *Congressional Record*, LI (1913).

of philanthropy implied that there had to be some national standard for dealing with social reforms. The very limited successes of Progressivism as a national movement certainly suggest that the American voters were not prepared to accept ideas that a group of its leaders in reform were pressing on it. As reformers on a national scale back as far as the Jacksonian era were aware, efforts to establish national programmes would be interpreted as efforts to enforce compliance with national programmes. In that sense, the Civil War had been a grotesque example of the logic of compliance with a reform movement on a national scale. Despite the fact that reformers would continue to argue that their aim was primarily one of educating the public to an understanding of its own best interests and not forcing them to comply with commands from Washington, the threat was there.

In any case, the great accretion of power in Washington and the creation of a national system of philanthropy were crucial steps in the sharpening of the line between public and private in ways that would have been startlingly unfamiliar to men like Rockefeller and Carnegie, if not to American public opinion in general. Foundations were "private" now in what might be called a new sense of the term. "Private", a term which once designated a form of behaviour that could be distinguished from actions performed by the public or under public scrutiny, could not be restricted to sources of financial support and methods of control, regardless of the substantive content of the actions. The term "public" had always had a somewhat ambiguous meaning in that regard, and it continued to do so in local affairs. Public agencies continued to depend on private donors without worrying about the distinction. Public utilities, public schools, and a whole range of social services provided to and by hospitals and courts amalgamated private and public financial support and management. The complex process of enfranchising private companies to operate "public" transportation or provide "public" services continued to raise questions of corruption and periodic cries for governmental ownership; but the relation between public and private could be flexibly redrawn as circumstances required. Where the federal government was concerned that kind of accommodation appeared to be impossible.

Yet the modern foundation, from the very beginning, was engaged in a process of influencing the formulation of policies which affected the public and in which the public had an interest. Government could be called upon to support, or to continue, or even to try to prevent the carrying out of programmes designed by private groups. The federal government's rejection in principle of a process that was locally acceptable did not change matters, particularly after presidents began looking to private sources to provide the funds for their own in promoting research bearing on policies the government was pursuing or considering. What that rejection did, however, was to change the terms in which the periodic debates over influence and direction were to be argued. Private philan-

thropy was forced to accept the fluctuations of public opinion which swung from periodic praise for the goods resulting from the research which foundations had supported and even initiated, and denunciations of foundations as part of a conspiracy to take over the government and as efforts to impose on the entire society ideas which were repugnant to significant sections of society. The officers of the foundation could respond to the swings by optimistic moments of camaraderie in which they advised and cajoled federal officials to do things government had not before been doing and episodes of flight in which they sought to restrict themselves to issues that could not possibly get them into trouble. The curing of sick children was always at the top of the list.<sup>60</sup>

#### *The Private Foundation and the Public Sphere*

It is possible that in the process of developing the modern foundation, both defenders and critics gave the term "private" a special and deceptive meaning. The right to refuse disclosure, once part of any dictionary definition of the term, could scarcely be given the full defence it had always had. The various "tax-benefits" conferred on donors became the instrument which justified public investigation; but the truth of the matter was far more serious than the questionable idea that foundations were spending money that, somehow, rightfully belonged in the public treasury. Whatever the source of the money and its relation to the public treasury, the programmes it was supporting were intended to influence the situations and actions of part or all of the public. "The welfare of mankind" which appeared in various forms in the initiating documents of the foundations was being interpreted and used far more explicitly than the "general welfare" clause of the constitution of the United States.<sup>61</sup>

The federal government's rejection of responsibility for changing society was tied to a tradition that still defined the causes of social disorder and misery as local. The growing consciousness of the country as a whole as a single system of causes and effects, without regard to the traditional boundaries of locality, was in part a product of the growth of national industry and of the national economy; this went hand in hand with the growing consciousness of scientific propositions about "root causes" and "scientific cures". Science was not only national but international. It transcended state as well as national boundaries and made obsolete the politics that confined observations of problems and experiments that promised their solution.

The fact that national foundations came into being at the moment they did might well have been an historical accident; but they served purposes which could be recognised in every language but that of politics. The

<sup>60</sup> Frederick T. Gates to John D. Rockefeller, Sr., 19 March, 1914, *Gates Papers*, Box III, File 58.

<sup>61</sup> Chambers, Merrit M., *Charters of Philanthropies* (New York: Carnegie Foundation for the Advancement of Teaching, 1948).

relation between public and private became, in the process, a heuristic device that concealed the truth only from those on both sides who wanted it concealed. Rockefeller's openness in seeking a federal charter may have been politically naïve, but there was also a more realistic argument for it.

In any case, the creation of the private foundation in an era of attacks on "invisible governments" was and would remain something of an anomaly. Americans had found a way of doing "privately" what governments in other advanced industrial societies were beginning to do. Despite the periodic investigations through which the United States Congress expressed its uneasiness, governmental executive agencies at all levels looked to private donors, among them foundations, for the research on which they sought to base new social and economic policies.<sup>62</sup> Although the First World War appeared on the scene as the kind of accidental event no one would have predicted, American entry helped establish patterns to be followed over the next three decades.

The First World War transformed the role of philanthropy in American society in several distinctive ways. First of all, from the outbreak of the war in Europe in August 1914 until American entry in April 1917, American philanthropists and American philanthropy set about aiding the victims of the war through a massive outpouring of money and material, through an *ad hoc* administrative system privately created but operating under the watchful, if not always totally supporting eye of the Department of State.<sup>63</sup> The Rockefeller group alone gave \$22,000,000 and served as liaison between the various groups who competed with one another in the delivery of American benefactions.<sup>64</sup> Herbert Hoover headed the Belgian Relief Commission. His own interests were influenced by principles that were destined to characterise his career in the public service over the next two decades, particularly the belief that the governments being aided abroad should also be prepared to match the contributions being made to them, lest they become dependent upon American gifts, and damaged somehow by that dependence.<sup>65</sup> That idea, the need to assure benefactors that the communities being helped were willing to take action in their own support, had been part of the American philanthropic tradition. Carnegie had invoked it in his gifts of libraries, but not books.<sup>66</sup> Carnegie agreements contained a clause requiring communities to provide the site and 10 per cent. of the amount of the gift for annual maintenance. Rockefeller had supported it in his insistence that local boards be

<sup>62</sup> Karl, Barry D., "Presidential Planning and Social Science Research: Mr. Hoover's Experts", *Perspectives in American History*, III (1969), pp. 347-412; Herbert Hoover to F. P. Keppel, 26 October, 1927, Carnegie Corporation of New York Files.

<sup>63</sup> Jerome D. Greene to William J. Bryan, 24 April, 1915, RF 1.100. LVII. 567; William Phillips to Jerome D. Greene, 28 April, 1915, *loc. cit.*

<sup>64</sup> Fosdick, Raymond B., *The Story of the Rockefeller Foundation* (New York: Harper, 1952).

<sup>65</sup> Herbert Hoover to Wickliffe Rose, 21 November, 1914, RF 1.100. LXVI. 653.

<sup>66</sup> Wall, Joseph F., *Andrew Carnegie* (New York: Oxford University Press, 1970), pp. 815-819; see also Duane, Finley P., "The Carnegie Libraries", *Dissertations by Mr. Dooley* (New York: Harper, 1906), pp. 177-182.

established to receive such grants as his contributions to the University of Chicago, and to raise additional funds on their own. The issue of matching governmental support had not been raised so baldly on the domestic scene as it was abroad, but it had been there when the occasion made it appear to be appropriate. Local philanthropists in cities like Boston, New York and Chicago had grown accustomed to expecting that the specialised services they provided for public use—social workers for the courts, advisers for the schools, and boards to test and certify milk—be taken over by governmental institutions once they had proved their utility.<sup>67</sup>

Equally important, however, was a second and related effect of the war. Woodrow Wilson's decision to administer the government's arrangements through *ad hoc* boards and agencies jointly staffed by private citizens and public officials set a pattern of what was called, somewhat deceptively, "voluntarism", or "volunteerism", depending, in a sense, on whether the system was perceived as one willingly obeyed by patriotic citizens or managed by volunteer administrators given unprecedented power to act in the public interest. While the method was looked upon as part of a special effort justified by the emergence of the war and destined for dismantling at its end, it did in fact reflect patterns of philanthropic public service which had their origins in the recent history of philanthropy.<sup>68</sup> In the depression of the 1930s, the wartime experience was looked to, a bit romantically at times, as a model of voluntary public assistance, community self-help put to the country's service. The expansion of the American Red Cross during the war from an agency which expended roughly \$5,000,000 a year, to one which could raise and distribute \$100,000,000 in a single campaign and \$400,000,000 during the war itself was not viewed as a temporary exigency, necessarily, but as an experience that could be repeated when required; and the scale of operations changed.<sup>69</sup> To be sure, in the immediate aftermath of the war, the insistence on getting the federal government out of direct engagement with the lives of citizens was strong, even among Progressives who had once viewed the intervention as an opportunity to achieve their aims. But the recollection of the experience remained. The memory of it as a national triumph frequently obscured its repressive and coercive side.

In some respects the role which foundations sought for themselves during the war was no more prescient and no further advanced than the roles sought by knowledgeable and intelligent Americans of the period. Even the Carnegie Endowment for International Peace was puzzled to define its appropriate position in the three years before American entry, attempting to remain neutral even after reports of supposed anti-German

<sup>67</sup> Lubove, Roy, *The Professional Altruist: The Emergence of Social Work as a Career, 1880-1930* (New York: Atheneum, 1972), pp. 1-55.

<sup>68</sup> Cuff, R. D., *op. cit.*; Fosdick, Raymond B., *Chronicle of a Generation* (New York: Harper, 1958).

<sup>69</sup> Cutlip, Scott M., *Fund Raising in the U.S.: Its Role in American Philanthropy* (New Brunswick, N.J.: Rutgers University Press, 1965); Davison, Henry P., *The American Red Cross in the Great War* (New York: Macmillan, 1919).

statements by Mr. Carnegie had generated a certain amount of confusion. With American entry into the war, the Endowment seemed to shift its interests and began worrying about shifting American academic interest to things French, rather than German, setting up methods of a new approach to international education which they would probably not have insisted was anti-German, even though such an implication was clearly there.<sup>70</sup>

The Rockefeller medical interests were suited to wartime specialisation, and they provided the funds for the building of a hospital in New York City, the purpose of which was to investigate new treatments for wounds, burns, and the effects of poison gas.<sup>71</sup> John D. Rockefeller, Jr. himself served on the War Labor Board in an effort to foster a consensus between labour, management and government. But while he was seeking more friendly relations, his father's hostility to government was growing.<sup>72</sup> While his response was, in some respects, the hard-bitten reply of a man who still considered taxation a threat to his independence of action and judgement, it was also a statement of a generational difference that would continue to affect the philanthropic world. For the older man's generation, philanthropy did things government did not, or could not, or should not do. When the federal government decided to do them, philanthropy stepped out. The war was teaching a different lesson. Co-operation looked more promising, at least for the moment. The relation between a strict separation of functions and some kinds of co-operative effort continued to shape the relation between philanthropy and government. The battles between them and the attempts of one to influence the other continued to suggest at the same time that their separation was at least partly illusory.

The foundations, too, took part in the issues which troubled the domestic wartime scene. The creation of the National Civic Federation in 1900 had been part of a privately supported effort to establish more informative communication between management and labour in a form more acceptable to industrial leaders than was union hostility. It had been a favourite interest of Andrew Carnegie and it had attracted support from the elder Rockefeller. During the war its nationalist attacks on the alleged radical attack on American society had been part of the wartime furore which had, by the end of the war, begun to trouble liberals and moderates concerned over the then new issue of civil liberties. Its director, Ralph C. Easley, had become a patriotic zealot and sought to make the Federation the leading anti-radical agency in the years after the war. By 1920 he and his agency had become an embarrassment to both the Carnegie Corporation and the Rockefeller Foundation. They reduced their contributions or tried to maintain them at their lowest pre-war level in response to his

pleas, while they discussed among themselves and their advisers the appropriateness of continuing to support an organisation they believed to be headed in a totally wrong direction. While later critics of philanthropy saw their interest in the National Civic Federation as proof of their preoccupation with anti-radical and anti-labour activities, their correspondence suggests a far more sophisticated understanding of the condition of labour and the attitudes of American society. They saw little urgency in the threat of radicalism.<sup>73</sup>

The war had transformed the country's sense of the role of American philanthropy in ways no one anticipated. Part of that transformation was simply a function of the size of the national effort to allay suffering in Europe before America's entry into the war, to develop the armed forces, to arouse the spirit which the war effort required after the years of doubts and indecision and to define war aims in ways that were consistent with a popular view of the national interest in a world setting. The war bond drives to finance the war by what appeared, at least, to be individual subscription, the American Red Cross drives which greatly multiplied that organisation's scale of operation and the enlistment of the services of private citizens for voluntary effort, from the "dollar-a-year men" who actually ran the civil side of the military operation and the ladies who gathered together to roll bandages, knit sweaters, or provide coffee and doughnuts at railway stopovers, were all examples of a national voluntary effort that obscured for a time the sanctions applied to those who refused to volunteer because they found that particular war or all war unacceptable.<sup>74</sup> None the less, the model of citizen philanthropy moved into the 1920s intact. The formation of groups of citizens to organise local charities more efficiently went on at a quickened pace, as did the effort to popularise small contributions by handing out little envelopes to school children limiting the gift to one penny.<sup>75</sup> (Franklin Roosevelt's later establishment of the March of Dimes was built on the same idea: philanthropy was not and should not be simply a responsibility of the rich.)

#### *Foundations after the Life-time of their Founders*

Within the new situation of the older foundations, another transformation was taking place as the new foundations began to face the consequences of their perpetuity. The death of Andrew Carnegie in 1919 followed several years of inactivity during which one can see the beginnings of the realignments of power and management which were destined to become the focus of reorganisations in the 1920s. John D. Rockefeller

<sup>70</sup> Henry S. Pritchett to John B. Clark, 30 June, 1915, Carnegie Corporation of New York Files.  
<sup>71</sup> T. Mitchell Prudden to George F. Vincent, 15 November, 1918, RF 1.100. LXIV. 642.

<sup>72</sup> John D. Rockefeller, Sr. to John D. Rockefeller, Jr., 25 April, 1917, Rockefeller Family Archives, Rockefeller Center, New York, Record Group 2, Box LVII (hereafter RFA).

<sup>73</sup> Weinstein, James, *The Corporate Ideal in the Liberal State* (Boston: Beacon Press, 1968); Memorandum of interview with General Carty, 11 June, 1926, Carnegie Corporation of New York Files.  
<sup>74</sup> Cutlip, S. M., *op. cit.*  
<sup>75</sup> Kingsley, Sherman C., "Reconstruction of the War Chest", *Proceedings of the National Conference of Social Work*, XLVI (1919), pp. 697-702.

Jr.'s decision to retire as president of the Foundation in 1918 and to become chairman of the board, and the naming of George Vincent as president, suggests a similar transition. John D. Rockefeller Jr.'s struggle to overcome his shyness had been tested severely by the appearance before the Industrial Relations Commission several years earlier when he had been forced to acknowledge a fact, the significance of which struck him at the time, namely, that the work of the foundation and the management of the response to the strike in Colorado had both been carried on from the same small suite of offices at 26 Broadway in New York City. The obvious proximity had generated the kind of beliefs which the critics of the Rockefeller Foundation had always feared and it seemed to establish an ostensible pattern of insidious influence the foundation world would continue to have to bear as part of the burden of doing good. Friends of the family like Charles W. Eliot, retired from his presidency of Harvard for a decade but still looked to for advice, urged him to give up the strenuous responsibility of management, and he did.<sup>76</sup>

The transition of the Carnegie philanthropies was complex in a somewhat different way. The Carnegie Corporation of New York was Andrew Carnegie's last and biggest philanthropic corporation. He had never made its purpose clear, particularly to the extent of defining its relation to the other Carnegie philanthropic bodies. The fact that its board included the presidents of the other corporations tended to confirm, at least in the minds of the men who ran such institutions as the Carnegie Institution of Washington, the Carnegie Endowment for International Peace, and the Carnegie Institute for Technology in Pittsburgh, the possibility that Carnegie had intended the Corporation in New York as a holding company of sorts to manage and supply the others, not as an independent fund with an independent set of purposes. The battle lines were drawn—and the conclusion quite possibly determined—by Carnegie's own selection of a former president of the Massachusetts Institute of Technology, Henry S. Pritchett, as president of the Carnegie Foundation for the Advancement of Teaching.<sup>77</sup> Pritchett had assumed that Carnegie would leave all of his remaining money to the Foundation. The creation of the Corporation was a blow.

The first of the former college presidents to be drawn into foundation management, rather than as advisers or as board members, Pritchett began simply as the officer in charge of the programme of college and university teachers' pensions which the Carnegie Foundation for the Advancement of Teaching administered; but his location in New York in the office of the Corporation, his proximity to Carnegie, and his influence

in the selection of staff were crucial.<sup>78</sup> The Corporation itself was, during Carnegie's lifetime, little more than an agency for his own benefactions. He ruled as president and delegated such interests as libraries, church organs, and the extraordinary system of simplified spelling he wanted everyone in the organisation to employ to his initial staff which consisted of James Bertram and Robert Franks, his personal secretaries and aides. Pritchett sometimes referred to them as "Mr. Carnegie's clerks".<sup>79</sup>

The selection of James B. Angell as the first president of the Corporation after Andrew Carnegie's death gave the Corporation the beginning of a brief, independent life. It was brief, relatively speaking, only because Angell committed about six years of available funds to various projects before he left, after serving less than a year, to become president of Yale, but independent because the grants were not in support of the other Carnegie enterprises. Pritchett, during Carnegie's last illness, had established a close working relation with the chairman of the board, Elihu Root, and the two of them became the managers of the Carnegie philanthropic enterprise. It was a relationship which made them not only managers of the future, but its prophets. It is unlikely that Pritchett alone could have battled such powers as Nicholas Murray Butler and John Campbell Merriam; but with Root at his side and with a stern and unshakeable patience, he triumphed. As acting-president of the Corporation, he was crucial in the appointment of Frederick Keppel as Angell's successor. The two of them, based in New York, one determined in the paternalism of his endeavour, the other a wise and shrewd filial politician, created the independent course of the Carnegie Corporation of New York.<sup>80</sup> Butler and his associates on the board could argue the violation of Carnegie's intention, but to no avail.<sup>81</sup> However correct they may have been about Carnegie's original plan—and he had used his own presidency of the Corporation of New York as they thought his successors should have used it—he had left the money in such a way as to avoid tying the hands of his successors. Root, Pritchett, and Keppel remained untied.

Although the Rockefeller family was bound to remain very much in evidence in the direction of the foundation's interests, the same problems of reorganisation there suggest that relationships of the donors to the planning of the activities of the foundation were perhaps not so important as the much more pervasive consciousness of the need to plan, to create

<sup>76</sup> Flexner, Abraham, *Henry S. Pritchett* (New York: Columbia University Press, 1943); an autobiographical sketch is contained in Henry S. Pritchett to Floyd C. Shoemaker, 1 May, 1923, Carnegie Corporation of New York Files.

<sup>77</sup> "Confidential Memorandum for the Trustees", 1922, Carnegie Corporation of New York Files; Henry S. Pritchett to Elihu Root, Jr., 19 November, 1921, Carnegie Corporation of New York Files.

<sup>78</sup> See Henry S. Pritchett to Elihu Root, Jr., 29 March, 1918, 19 November, 1921, Carnegie Corporation of New York Files.

<sup>79</sup> Nicholas M. Butler to Walter A. Jessup, 11 October, 1937; Nicholas M. Butler to F. P. Keppel, 18 October, 1937; Samuel H. Church to Walter A. Jessup, 8 January, 1942; F. P. Keppel, memorandum of interview with Elihu Root, Jr., 13 October, 1926, Carnegie Corporation of New York Archives.

<sup>76</sup> Charles W. Eliot to Jerome D. Greene, 20 September, 1915, RF 3.903.1.1.

<sup>77</sup> *A Manual of the Public Benefactions of Andrew Carnegie* (Washington, D.C.: Carnegie Endowment for International Peace, 1919).

direction and purpose, to construct a system for the administrative management of plans and purposes and to establish the board of trustees as the body through which perpetuity would be achieved.<sup>82</sup> In the large foundations in the 1920s one can find the pattern which was to persist in the development of all foundations large enough to be forced to face the problem. Successive presidents would have to assemble professional staffs to manage the activities of the foundation. Successive boards of trustees would have to respond to policies, determine new directions, appoint—or dismiss—presidents, and manage as, in effect, surrogate donors. Even where donors were present as board members, and obviously deferred to as such, the principle of perpetuity and the responsibility of acting as a community of trustees was clear.

In Rockefeller and in Carnegie what had begun as a small group of secretaries, friends, trusted lawyers, and, later, a few acceptable presidents of acceptable universities had become, by the end of the 1920s, an administrative system which still included many of the same types, but with a clear sense now of their own independence as a community or group of communities from the intentions of one wealthy man. In both cases, efforts were made to interpret the intentions of "the Founder" in a tone which at times seems somewhat mystical; but those intentions were, quite rapidly, transformed into ideas of preferred policies: education, in the case of Rockefeller. Where Carnegie's interest in libraries is concerned, the transformation of that in the 1920s is a good example. From the construction of library buildings, the Carnegie Corporation moved to the creation of academic schools to train professional librarians. The University of Chicago, initially the somewhat reluctant and puzzled recipient of the offer of money, became the first university to create a "graduate school of library science". The Carnegie Corporation clearly took the initiative, supported surveys to determine the need for such a school, following the model which had been created a decade earlier to carry out the reforms proposed by Abraham Flexner for medical education, decided where such a school would best be located, and enticed the administration of the University of Chicago to establish the school.<sup>83</sup>

#### *Social Improvement through Social Science*

One can see a similar initiative in the Rockefeller Foundation's support of projects in the social sciences where the problem is complicated by the fact that social science can come dangerously close to politics and hence to political criticism. The staff of the foundation had been divided internally on the subject since the beginning. Medicine was safe philan-

thropy in the days when medical policy was considered public only when it affected the poor or the military. Most medical research was private and most provision of medical care was private, local or religious in its support. The decision by the Rockefeller Foundation to support social science had earlier roots in John D. Rockefeller Sr.'s interest in research in economics; but such expansions in the 1920s and the support of the Social Science Research Council, the National Bureau of Economic Research, and the Institute for Government Research (later renamed the Brookings Institution in honour of its philanthropic founder) were all Rockefeller entries in the field of research on social science with practical intentions.<sup>84</sup>

The expansion of research in social policy by foundations in the 1920s raised a number of complex issues. The creation of research corporations which did not bear the foundation name was one way of coming to grips with the problem of political criticism. The establishment of the Spelman Fund of New York in 1928 was certainly an example of a compromise bordering on subterfuge, since the funds came from the Laura Spelman Rockefeller Memorial (1918). Beardsley Ruml had been active in social science and public administration. The growing opposition of officers of the Rockefeller Foundation led to the separation of such interests into organisations less identifiable with the Rockefeller name. The Spelman Fund was explicitly directed toward problems in public administration and social science, and Ruml eventually left Rockefeller to pursue his interests more directly.

Yet in the 1920s the investment of the Rockefeller and the Carnegie foundations in social problems grew. Rockefeller entered the field of low-cost housing, and both foundations enlarged their concern with race relations.<sup>85</sup> The entry of the Commonwealth Fund into the field immediately after the war put the wealth of Edward S. Harkness and his mother to similar purposes, even though their initial interest in economic and legal research was ultimately dropped in favour of medical care.<sup>86</sup> The "New Era" of the 1920s meant, for foundations, a new social-scientific utopianism and the development of voluntary, non-governmental systems of bringing about desired changes in American society.

When, in the first months of his presidency, Herbert Hoover assembled a group of the country's most prominent social scientists to study the state of American society, he approached foundations himself and received the support he had requested.<sup>87</sup> Although *Recent Social Trends in the United*

<sup>82</sup> Raymond B. Fosdick to John D. Rockefeller, Jr., 3 December, 1921, RFA, Record Group 2, Box LVII; Lawrence B. Dunham to Thomas M. Debevoise, 20 June, 1927, *loc. cit.*

<sup>83</sup> John D. Rockefeller, Jr. to Charles O. Heydt, 13 July, 1925, RFA, Record Group 2, Box X; memorandum from Henry James to F. P. Keppel, 11 July, 1932, Carnegie Corporation of New York Files.

<sup>84</sup> Commonwealth Fund, *The Commonwealth Fund: Historical Sketch, 1918–1962* (New York: Commonwealth Fund, 1963).

<sup>85</sup> Karl, B. D., *op. cit.*

<sup>82</sup> Kohler, Robert E., "A Policy for the Advancement of Science: The Rockefeller Foundation, 1924–29", *Minerva*, XVI (Winter 1978), pp. 480–515; George E. Vincent, "Memorandum on Policies and Organization of Rockefeller Boards", 29 January, 1927, RF 3.900.XIX.138.

<sup>83</sup> "Memorandum of Conversation with President Burton Regarding his Letter of 17 March, 1925", Carnegie Corporation of New York Files.



States did not finally appear until 1933, it was intended as a document of "policy research" which the President could use as the basis for a major programme of social reform. No such massive social survey had been done before, nor has one been done since. A privately financed effort which utilised the support of government staffs and agencies as well as staffs from public and private research institutions, it remains a unique model of the kind of co-operative public-private effort of which the founders of the major foundations had dreamed. Indeed, improving the "welfare of mankind" may even have faded beside the assurance that social science research could lead to governmental policies which would in turn create a society without poverty and without war.

Even the hostility towards private business that ultimately came to dominate the New Deal did nothing to stop the expansion of influence by privately supported research on the making of governmental policy. If Franklin Roosevelt preferred to conceal the fact that so many of his major advisers on policy and some of his major programmes in social reform were the result of support by one or more of the private foundations, it was because he had no choice when he needed the outside aid; and he depended upon it willingly, if not gratefully. Not until 1939 when the creation of the Executive Office of the President gave him funds to commission and conduct such research was he even relatively independent of the reluctance of Congress to support such endeavours. The programme which led to the establishment of the Executive Office of the President had been prepared by a group supported in part by the Rockefeller Foundation, indirectly, to be sure, through the Social Science Research Council, but supported by it none the less.

New foundations continued to emerge, even amidst the criticisms of the 1930s. Ford in 1936 and Lilly in 1937, although originally inactive measures of tax-avoidance, were destined to become important factors in the next 25 years.<sup>88</sup> In the period after the Second World War, the relations between foundations and the makers of national policy grew even closer as foundations provided government with international research opportunities which would have run into opposition from Congress, while government agencies looked to foundations for ways of supplying money for covert activities some of the research workers themselves did not perceive. It was an era that would ultimately come under a great deal of criticism from virtually everyone involved, but at least from the perspective of a kind of organisational pattern developed over half a century, the inter-relations and interpenetrations reflected a triumph of *ad hoc* procedure. Administratively, foundations became one of the crucial foci in the training of the country's managerial élite and the creation of the research techniques and the data that the élite needed. They were part of a system

which provided governments and universities with advice and staff, in turn drawing their own staffs from universities and government. The course of careers from foundation to university to government and back again became the track which the United States depended upon to develop staff and leadership for its system of government, as well as ideas. The careers of Dean Rusk, McGeorge Bundy, and John Gardner, to name only the most obvious, illustrate the pattern.

#### *Private Foundations, Pluralism and Collectivistic Liberalism*

The seeming breakdown of the system during the war in Vietnam is far more complex than simple notions about the "best and the brightest" or the rebellion of the intellectuals would suggest. The attack on foundations that began in the election battles of 1968 and focused on such matters as voter-registration in the South and the Ford Foundation's support for the close associates of the assassinated Robert Kennedy were again striking events which obscured an historical past in which foundations traditionally worked to do for southern Negroes what their white neighbours would not do for them, and in which foundation officers found ways of sustaining the temporarily displaced members of an élite they had helped create.<sup>89</sup> Both actions were traditional parts of the pattern of action of American foundations. Both were products of the fact that for over half a century, foundations had been bridging the hitherto unbridged gap which Americans had created between public and private, between state and nation, and between social and political, between traditional American ideas and the urgent problems of the time.

Even so, the discussion of the problem in terms of the old polarities persisted. Defenders of the public from interference by foundations continued to assume that government alone could do, or prevent the doing of, things which regional majorities or local interests rejected. Foundations defended themselves as "private" despite the special benefits which they received from the tax law or moved to a new level of linguistic fabrication by defining themselves as members of a "third sector", despite the fact that such language only sustains an historical illusion.<sup>90</sup>

Foundations came into existence because American society was unable to maintain a social order which corresponded to its passionately held localist ideals. The ideals are as real as the political history which prevented their fulfilment. In the process, however, foundations helped create a voice which transcended politics, even when they were engaged in influencing them. As the battles of 1968 and 1969 showed, their voice had been critical in raising issues effectively and with organisational skill and sensitivity.

<sup>88</sup> U.S. House of Representatives, Committee on Ways and Means, 91st Congress, 1st session, *Hearings on the subject of Tax Reform*; U.S. Senate, Committee on Finance, 91st Congress, 1st session, *Hearings on House Report 13270*.

<sup>89</sup> Commission on Private Philanthropy and Public Needs, *op. cit.*

<sup>88</sup> See Greenleaf, William, *From These Beginnings: The Early Philanthropies of Henry and Edsel Ford, 1911-1936* (Detroit: Wayne State University Press, 1964), esp. ch. 7; Nielsen, Waldemar A., *The Big Foundations* (New York: Columbia University Press, 1972), pp. 78-98, 170-176.

The transformation of federal approaches to social problems in the 1970s raises as many historical questions as it answers and poses as many threats.<sup>91</sup> So does the emergence of corporate philanthropy and new foundations with mandates to criticise and reform government policy. The historical argument, once again, has been transformed. Whether or not it has been changed is another matter.

<sup>91</sup> Karl, Barry D., "Philanthropy, Policy Planning and the Bureaucratisation of the Democratic Ideal", *Daedalus*, CV (Fall 1976).