THE BERGER GUIDES TO EFFECTIVE GIVING

THE FOUNDATION BUILDERS

BRIEF BIOGRAPHIES OF

TWELVE GREAT PHILANTHROPISTS

The Philanthropy Roundtable

THE BERGER GUIDES

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Introduction

Newcomers to philanthropy learn early that there are many old, well-established foundations whose founders are little known. The Guggenheim Museum, for example, is well-respected in the art world, but few know who Solomon R. Guggenheim was or how the Guggenheims made their money.

This guidebook seeks to introduce readers to the greatest philanthropists of the 20th century, sketching out the reasons why they chose to give and summarizing their most important writings on philanthropy. The guide also includes short bibliographies for readers who want to learn more about a particular donor.

Several of the essays in this volume draw upon my earlier writings, including *The Great Philanthropists and the Problem of Donor Intent* and *Should Foundations Live Forever?*, as well as articles from *Foundation Watch* and *The American Enterprise*.

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Martin Morse Wooster

October 2000

Andrew Carnegie

(1835-1919)

You seem to be in prosperity. Could you lend an admirer a dollar & a half to buy a hymn book with? God will bless you. I feel it. I know it. N.B. If there should be another application this one not to count. P.S. Don't send the hymn book, send the money. I want to make the selection myself.

—Mark Twain, writing to Andrew Carnegie (c. 1900)

Andrew Carnegie is the most congenial of the 19th century philanthropists, and the donor whose views are the easiest to understand. Unlike most CEOs of his time (or ours), he was a prolific writer, with a strong, clear voice. Writing was his passion and his principal hobby; he derived great pleasure not just from being published, but from inviting editors to his New York mansion or his Scottish castle to argue about the topics of the day. "I am golfing, fishing, *writing*," he wrote English politician John Morley in 1902, "the latter sweetest of all."

In his lifetime, Carnegie published nine books, including four collections of essays. Some of these were quite substantial, such as *Triumphant Democracy* (1886; revised, 1893), a 500-page tribute to American ingenuity and prosperity. After his death, his autobiography and two additional collections of essays were published. Carnegie, notes biographer Burton J. Hendrick, "was one of the few of mankind's great money-getters who had ideas beyond the daily balance-sheet.… [C]ertainly it would be difficult to name any American millionaire with any bibliography like Carnegie's."

Philosophically, Carnegie called himself an "individualist." We would call him a classical liberal. When not building a giant steel company, he studied closely the works of Herbert Spencer, William Graham Sumner, and other champions of limited government. He was a close friend of Lord Acton, and after Acton's death made grants to preserve his library for posterity.

From a close reading of these great thinkers, Carnegie acquired clear, consistent views. He was a champion of individual liberty, self-reliance, and free enterprise, and a foe of socialism and aristocracy. (The people Carnegie disliked most were those who lived off inherited wealth.) Carnegie was also a fervent peace advocate, and enthusiastically supported a movement to create treaties that would solve all international disputes through binding arbitration.

Carnegie's principles also applied to philanthropy. When he wrote his famous essay "The Gospel of Wealth" in 1889, he explained why the wealthy should give away their fortunes is to fight socialism. "The Socialist or Anarchist who seeks to overturn present conditions is to be regarded as attacking the foundation upon which civilization itself rests," Carnegie wrote.

"The Gospel of Wealth" was the first essay to recognize the problem of donor intent. Carnegie noted that there were three ways a wealth-creator could dispose of his fortune: leave it to his children, leave it to charity, or give it away during his lifetime. Carnegie believed that while giving some money to one's children was desirable, giving heirs great wealth would make them soft and indolent. "Wise men will soon conclude that, for the best interests of the members of their families, and of the State, such bequests are an improper use of their means."

Carnegie was also critical of creating charities that outlived a donor's death. "Knowledge of the results of legacies bequeathed is not calculated to inspire the brightest hopes of much posthumous good being accomplished by them," he wrote. "The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted. In many cases the bequests are so used as to become only monuments of his folly."

After deducting expenses for a modest life, Carnegie argued, philanthropists should give money during their lifetime. But they should not, he argued, randomly give money to people they did not know. The "main consideration" of the philanthropist "should be to help those who cannot themselves, to provide part of the means by which those who desire to improve may do so; to give those who desire to rise the aids by which they may rise; to assist, but rarely or never to do all." For Carnegie, libraries, hospitals, colleges, astronomical observatories, parks, concert halls and the like would enrich the lives of many, and were thus worthy objects of philanthropy.

Carnegie expanded on these views in an 1895 address dedicating Pittsburgh's Carnegie Library. He reiterated his belief that donors should give during their lifetime, saying that "the aim of millionaires should be to deserve such eulogy as that upon the monument of Pitt: 'He lived without ostentation, and he died poor.'" And rather than helping the poorest Americans, he argued, it was more important to aid "the swimming tenth—the industrious workers who keep their heads above water and help themselves, though sometimes requiring our assistance, which should never be withheld in times of accident, illness, or other exceptional cases, and always deserving our sympathy, attention, and recognition, and the outstretched hand of brotherhood."

Carnegie's early giving followed the principles he set forth in "The Gospel of Wealth." He gave 2,811 library buildings around the world, so that workers could learn new skills and advance, just as he did in the slums of Scotland. And when two men died helping to save others after a massive mining disaster near Pittsburgh in 1904, Carnegie created the Carnegie Hero Fund in order to ensure that people who risked or lost their lives saving others from fires and floods would receive recognition—and their widows and orphans would receive pensions.

Sometimes Carnegie's giving was made quietly. In 1904, a Cleveland woman named Cassie Chadwick forged documents that allegedly proved that she was Carnegie's illegitimate daughter, and persuaded banks to loan her a million dollars, which she spent on fancy clothes (including a thousand dollars on imported handkerchiefs), chartered trains, and European tours with twelve friends. After reporters exposed her as a fraud, a bank in Oberlin, Ohio that had loaned her $500,000 went bankrupt, wiping out the savings of many Oberlin College students.

Carnegie quietly restored the students' savings. "Almost fifty years later," historian Stewart P. Holbrook writes, "one of them recalled with gratitude that a man who gave away his money in units of millions should have troubled to make good the sum of $130, for which he had not the slightest obligation."

For much of the first decade of the 20th century, Carnegie established the foundations that still bear his name—the Carnegie Institution of Washington, the Carnegie Endowment for the Advancement of Teaching, and the Carnegie Institute in Pittsburgh (now Carnegie-Mellon University).

But after 1905, Carnegie was increasingly tired of his role as America's greatest philanthropist. "The final dispensation of one's wealth preparing for the final exit," he wrote, is "a heavy task—all sad... you have no idea of the burden I have been under."

Carnegie's burdens increased as a result of the creation of the Carnegie Endowment for International Peace between 1906-1910. The endowment's creation involved protracted lobbying, which caused Carnegie to rewrite the organization's deed of trust four times before he pleased everybody. But the endless negotiations and lobbying that created the endowment wore Carnegie out. He was 73, and still in possession of half his wealth. What was he to do?

In 1911, he used $125 million—most of his remaining fortune—to create the Carnegie Corporation of New York. Unlike his earlier creations, the Carnegie Corporation only had one instruction—to give pensions to former presidents and their widows.

In creating the Carnegie Corporation, biographer Joseph Frazier Wall observes, Carnegie "was forced to abandon almost all of the basic tenets of philanthropy he had expressed in 'The Gospel of Wealth.'" Moreover, Carnegie soon found that his gift was irreversible. Biographer Burton J. Hendrick recalls that a few years after the Carnegie Corporation was created, Carnegie tried to transfer $10 million from its endowment to create a similar organization in Great Britain. "Carnegie was astonished that the question was raised as to the legality of this step," Hendrick writes. His advisers persuaded Carnegie that the deed could not be altered and that his wishes no longer mattered. (Carnegie took money that he had saved for his retirement to establish the British organization.)

Although Carnegie died in 1919, his philanthropic ideas remain as fresh and vital today as they did when he wrote them. Carnegie was not just a great philanthropist—he was also an important writer who produced lasting work.

FOR FURTHER READING

The definitive Carnegie biography remains that by Joseph Frazier Wall, *Andrew Carnegie* (1970). Wall has also compiled *The Andrew Carnegie Reader* (1992), a selection that contains much of Carnegie's best writing. Burton J. Hendrick's earlier biography, *The Life of Andrew Carnegie* (1933) is still quite useful, though. As for Carnegie's writings, perhaps the most interesting collection is the late *Problems of To-Day: Wealth, Labor, Socialism (1908)*. Unfortunately, Carnegie stopped work on his autobiography the day World War I began, ensuring that the book (which appeared posthumously in 1920) would say little about his philanthropy. I discuss the Carnegie Hero Fund in the September 2000 issue of *The American Enterprise*.

EXCERPT FROM "THE GOSPEL OF WEALTH"

Although Andrew Carnegie wrote "The Gospel of Wealth" over a century ago, it remains one of the most important articles ever written by an American philanthropist. In this excerpt, first published in the North American Review *in 1889. Carnegie discusses the best ways that philanthropists can assist the deserving poor.*

This, then, is held to be the duty of the man of wealth: To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer...in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves....

The best uses to which surplus wealth can be put have already been indicated. Those who would administer wisely must, indeed, be wise; for one of the serious obstacles to the improvement of our race is indiscriminate charity. It were better for mankind that the millions of the rich were thrown into the sea than so spent as to encourage the slothful, the drunken, the unworthy. Of every thousand dollars spent in so-called charity to-day, it is probable that nine hundred and fifty dollars is unwisely spent—so spent, indeed, as to produce the very evils which it hopes to mitigate or cure. A well-known writer of philosophic books admitted the other day that he had given a quarter of a dollar to a man who approached him as he was coming to visit the home of his friend. He knew nothing of the habits of the beggar, knew not the use that would be made of this money, although he had every reason to suspect that it would be spent improperly. The man professed to be a disciple of Herbert Spencer; yet the quarter-dollar given that night will probably work more injury than all the money will do good which its thoughtless donor will ever be able to give in true charity....

In bestowing charity, the main consideration should be to help those who cannot help themselves; to provide part of the means by which those who desire to improve may do so; to give those who desire to rise the aids by which they may rise; to assist, but rarely or never to do all. Neither the individual nor the race is improved by almsgiving. Those worthy of assistance, except in rare cases, seldom require assistance.... Every one has, of course, cases of individuals brought to his own knowledge where temporary assistance can do genuine good, and these he will not overlook. But the amount which can be wisely given by the individual for individuals is necessarily limited by his lack of knowledge of the circumstances connected with each....

The rich man is thus almost restricted to following the example of Peter Cooper, Enoch Pratt of Baltimore, Mr. Pratt of Brooklyn, Senator Stanford, and others, who know that the best means of benefiting the community is to place within its reach the ladders upon which the aspiring can

rise—free libraries, parks, and other means of recreation, by which men are helped in body and mind; works of art, certain to give pleasure and improve the public taste; and public institutions of various kinds, which will improve the general condition of the people, in this manner returning their surplus wealth to the mass of their fellows in the forms best calculated to do them lasting good.

Thus is the problem of rich and poor to be solved.... The millionaire will be but a trustee for the poor, entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself.... The day is not far distant when the man who dies leaving behind him millions of available wealth, which was free to him to administer during life, will pass away "unwept, unhonored and unsung," no matter to what uses he leaves the dross which he cannot take with him. Of such as these the public verdict will be, "The man who dies rich, dies disgraced."

Such, in my opinion, is the true gospel concerning wealth, obedience to which is destined some day to solve the problem of the rich and the poor, and to bring "Peace on earth, among men good will."

John D. Rockefeller

(1839-1937)

When you die and come to approach the judgment of almighty God, when you stand before St. Peter in supplication at the gates of Heaven, what do you think he will demand of you? Do you for an instant presume that he will inquire into your petty failures and your trivial virtues?... No! No indeed! He will brush these matters to one side and he will ask but one question: "How did you do as a trustee of the Rockefeller Foundation?"

—Frederick Gates, philanthropic advisor to John D. Rockefeller

John D. Rockefeller was the greatest wealth creator of the 19th century. The corporations he created—enterprises that became Chevron, ExxonMobil, and a large part of BP—are still some of the richest and most powerful multinational businesses in the world.

But the contributions of Rockefeller to philanthropy are equally important. The creation of the Rockefeller Foundation in 1913 marked the rise of the big foundation. Other large foundations predated Rockefeller's—the Carnegie Corporation of New York is two years older, the Russell Sage Foundation six—but the Rockefeller Foundation's creation, marked as it was by Congressional hearings and scathing comments in the press, paved the way for other entrepreneurs to use their wealth to create giant foundations.

Like many of the great capitalists of the 19th century, John D. Rockefeller came out of grinding poverty. His father, William Avery Rockefeller, was a hawker of dubious patent medicines who abandoned his wife and children when John D. was 16. For the rest of his life, "Big Bill" Rockefeller roamed across the Midwest and Canada, sometimes hiding out under one pseudonym or another, but periodically visiting his son to sponge money off of him. (But although the senior Rockefeller had many vices, he was also a strong foe of alcohol—and made sure that his son was also a teetotaler.)

John D. Rockefeller rebelled against his irresponsible father by being an austere, responsible and reliable man of business. He was a devout Close Communion Baptist, who believed that helping the less fortunate was a necessary part of life. As biographers John Ensor Harr and Peter J. Johnson note, "there was no question that Rockefeller's exclusive motivation for giving was his religious conviction and the old-fashioned sense of stewardship, not the expiation of guilt or the buying of public favor."

Rockefeller began giving early. His first known gift was made in 1855, when he was 16. And from his first grants, Rockefeller wanted to make sure that his charity did not become a dole. "The most perplexing issue for Rockefeller was how to square philanthropy with self-reliance," notes biographer Ron Chernow. "His consistent nightmare was that he would promote dependence, sapping the Protestant work ethic. He dreaded the thought of armies of beggars addicted to his handouts."

As early as the 1880s, Chernow observes, Rockefeller discussed with his brother Frank whether or not to contribute to a veterans' organization in Cleveland. Rockefeller wondered whether such a contribution would be useful, since he did "not want to encourage a horde of irresponsible, adventuresome fellows to call on me at sight for money every time fancy seizes them."

At first Rockefeller gave primarily to educational institutions and religious organizations. He was one of the early benefactors of Spelman College, an African American women's institution. Rockefeller was also an early benefactor of the University of Chicago.

But as Rockefeller's wealth grew, do did the number of people harassing him with requests for money.

In 1891 he hired Frederick T. Gates, a fellow Baptist, to assist in his philanthropic and business concerns. "Neither in the privacy of his home nor at his table, nor anywhere else, was Mr. Rockefeller secure from insistent appeal," Gates wrote in his memoirs. "Nor if asked to write were solicitors willing to do so. If in New York, they demanded personal interviews. Mr. Rockefeller was constantly hunted, stalked, and hounded almost like a wild animal."

"About the year 1890 I was still following the haphazard fashion

of giving here and there as appeals presented themselves," Rockefeller wrote in his only book, *Random Reminiscences of Men and Events* (1908). "I investigated as I could, and worked myself almost to a nervous breakdown in groping my way, without sufficient guide or chart, through this ever-widening field of philanthropic endeavor. There was then forced upon me the necessity to organize and plan this department of our daily tasks on as distinct lines of progress as we did our business affairs."

At first Rockefeller tried to practice what he called "wholesale" philanthropy. Instead of giving to individual Baptist churches, he gave to mission boards or to Baptist headquarters. But the rise of the automobile in the early 20th century ensured that Rockefeller's fortune would increase dramatically (according to some accounts, by as much as ten times). Moreover, in 1905, a $100,000 grant to the American Board of Commissioners for Foreign Missions (a Congregationalist organization) proved highly controversial when the board's moderator, Rev. Washington Gladden, denounced the grant as "tainted money" acquired "by methods as heartless, as cynically iniquitous as any that were employed by the Roman plunderers or the robber barons of the Dark Ages."

The "tainted money" episode proved highly damaging to Rockefeller's reputation. Senator Robert La Follette of Wisconsin charged that Rockefeller was "the greatest criminal of the age," while President Theodore Roosevelt called him one of the "malefactors of great wealth" who had to be tamed by vigorous action.

Even vaudevillians got into the act.

"Sure it's tainted," the joke went. "T'aint yours and t'aint mine."

But the episode prompted Rockefeller's philanthropy to be more formally organized. In a letter dated June 3, 1905, Frederick T. Gates advised his employer that it was time "to provide legally incorporated endowment funds under competent management, with proper provisions for succession, which shall be specifically directed to the promotion of human well-being."

Rockefeller agreed, and began to organize what he called a "benevolent trust." Such a trust, Rockefeller wrote, should be an organization that "knows all the facts, and can best decide just where the help can be applied to the best advantage." But his "trust"—or what eventually became the Rockefeller Foundation—took nearly a decade to create. It was announced in 1910, subject to the granting of a charter by Congress. But the request came at the time Standard Oil was being broken up as an illegal trust, so despite intense lobbying, led by Senator Nelson Aldrich (John D. Rockefeller Jr.'s father-in-law), Congress failed to grant Rockefeller's request for a charter. At one point, President William Howard Taft invited Aldrich and the younger Rockefeller to lunch—but snuck them in through a side door, and made sure that their visit was not recorded on official logs. President Taft's aide-de-camp, Major Archie Butt, observed in his diary that Aldrich and John D. Rockefeller Jr. were entertained "with the secretiveness which might mark the clandestine meeting of anarchists."

Eventually in 1913 the Rockefeller Foundation obtained a New York state chapter and began operations. But what was it to do? According to historian Robert E. Kohler, the board split into two factions. One wanted the foundation to primarily solve social problems, while the second faction (led by Frederick T. Gates) wanted the foundation to primarily concentrate on scientific research.

Eventually Gates and his allies won, and the Rockefeller Foundation was primarily devoted to medicine (Ron Chernow estimates that, of the $530 million Rockefeller gave during his lifetime, $450 million went into medical research). The Rockefeller Institute of Medical Research achieved scores of advances during the donor's lifetime, but the two principal ones were finding vaccines for meningitis and yellow fever, diseases that affected millions of people worldwide. The Institute, now Rockefeller University, remains one of the world's leading medical research centers.

Between 1916-1920, Rockefeller transferred the bulk of his fortune to his son. His last act as a donor was to approve the substantial expansion of the Rockefeller Foundation board in the 1920s to include what John Ensor Harr and Peter J. Johnson describe as an organization which "could be compared favorably at any time with the Cabinet of the U.S. President—and indeed many trustees served as Cabinet members."

John D. Rockefeller's long life was not unusual in his family—his father lived until he was 96—but it marked a sea of change in philanthropy. When his gifts began in the 1850s, charity was localized, decentralized, and term-limited. By the time he died, foundations were large,

hierarchical, and seemingly eternal. And the creators of these big foundations looked to John D. Rockefeller and the Rockefeller Foundation as pioneering organizations that they could emulate.

For Further Reading

John D. Rockefeller's only book is *Random Reminiscences of Men and Events* (1908), which has two chapters on philanthropy. Rockefeller also expressed many of his thoughts on giving in an extensive unpublished interview with William O. Inglis, which is available on microfilm. Of all the Rockefeller biographies, the best are Allan Nevins's authorized biography *Study in Power (1937-40)*, John Ensor Harr and Peter J. Johnson's *The Rockefeller Century* (1988), and Ron Chernow's *Titan* (1998).

JOHN D. ROCKEFELLER JR.

(1874-1960)

John D. was the Overshadowing Octopus. While the muckrakers howled uncomfortably close at his heels, the Octopus withdrew into friendly shadows.... Now the sage old Octopus, growing younger by the year, smiles as he ladles out dimes and platitudes; and is permitted free pose as a pollyanna with messages of cheer and a heart full of love for his fellows. Octopus Jr., meanwhile has become a world famous philanthropist and reformer.

—John K. Winkler, *John D.: A Portrait in Oils* (1929)

When his father was alive, John D. Rockefeller Jr. was often seen as nothing more than a younger continuation of his father. Junior (as his friends and the press called him) was nothing of the sort. It's true that the second Rockefeller inherited some of his father's character—including a strong Christian faith and a reluctance to use his fortune on conspicuous consumption.

John D. Rockefeller Jr. was also well known for avoiding all the rewards philanthropy provides. He refused nearly all honorary degrees, and declined nearly all invitations to speak at banquets or to accept awards. Unless absolutely necessary (such as the creation of Rockefeller Center) he refused to attach his family's name to his projects. Nor did he ask for special treatment or favors because of his wealth. Biographer Raymond Fosdick tells the story of a late 1920s visit Junior made to the gates of Versailles. Because he showed up at closing time, a guard refused to let him in. Junior went back to his hotel, even though he had donated $2 million to a Versailles restoration campaign. "The action was headline news in France," Fosdick writes, "and no action on his part could have so endeared him to the French people."

Junior was also more liberal than his father. If John D. Rockefeller Sr. was a rock-ribbed conservative, Junior was a Progressive Republican. He was, after all, the man who bought—and then gave—the land that became the site of the United Nations building in New York City. And he certainly had no objection to the Rockefeller Foundation's becoming one of the pillars of liberalism.

Historians debate whether Junior acquired his progressive tendencies in college, or was pushed towards the left by his advisers. But it's clear that John D. Rockefeller Jr. expressed his liberalism early and often.

Junior attended Brown University, where he was graduated in 1897. He then went to work for his father, becoming, along with Frederick T. Gates, Senior's chief philanthropic adviser. He helped to organize the General Education Board in 1902, a Rockefeller philanthropy that assisted black Southern schools.

Then, in 1904, Junior went on an extended vacation in Europe that appears to have been caused by either a spiritual crisis or a nervous breakdown. When he returned to America, Junior became more of his own man, and played a crucial role in the creation of the Rockefeller Foundation.

But it wasn't until 1914 that Junior became a public figure in his own right. In October 1913, the United Mine Workers launched a strike in Ludlow, Colorado against the Rockefeller-controlled Colorado Fuel and Iron Company. In April 1914, the Colorado National Guard fired on the strikers. At one point, a tent was set on fire, and the smoke caused two women and eleven children hiding in a nearby cellar to die from smoke inhalation. President Woodrow Wilson subsequently sent in more National Guard units to quell union violence.

The "Ludlow Massacre" became a cause celebre for the Left. Four members of the Industrial Workers of the World were killed when a bomb prematurely exploded before they could attack John D. Rockefeller Sr.'s Manhattan brownstone. Novelist Upton Sinclair loudly announced that he was going to offer nightly lectures on the subject "Why I Want to Kill John D. Rockefeller," explaining that he did not want to commit murder, but only wanted to "kill the foul part of Rockefeller's spirit."

John D. Rockefeller Jr. responded by persuading the Rockefeller Foundation to hire Canadian industrial-relations expert (and future prime minister) Mackenzie King to investigate unions. This prompted the U.S. Commission on Industrial Relations, a federally-funded organization investigating unions, to accuse the Rockefellers of using foundation money to advance their business interests. In 1915, they called Junior to testify before the commission.

Junior charmed everyone with his quiet modesty. Commissioner Mrs. E. H. Harriman (mother of Averell Harriman) said that Junior was no "psalm-singing, cold-blooded capitalist," but an "intensely human" person. *The Masses*, the leading left-wing journal of the day, called the younger Rockefeller "apparently frank," "gentle," and "Christianish."

By 1916, John D. Rockefeller Jr. was 42, and proved that he was able to withstand the toughest pressure. So between 1916-1920, John D. Rockefeller Sr. transferred the bulk of his fortune to his son in a series of terse letters. Here are two of them, in their entirety:

> November 20, 1919
> Dear Son,
> I am this day giving you 50,000 shares of the common stock of the Standard Oil Company of New Jersey.
> Affectionately,
> Father

> October 28, 1920
> Dear Son,
> I am today giving you a check for $500,000. It will be available for use at once.
> Affectionately,
> Father

But the Ludlow Massacre episode permanently scarred the younger Rockefeller. He remained on the Rockefeller Foundation board, but never again attempted to exert any more influence on the board than any other trustee would have.

For Junior had his own philanthropic agenda, one that was substantially different than his father's. He was, for example, an ardent conservationist, whose love of nature began after a trip to Yellowstone in 1886. In

1908, Junior began to buy land in Bar Harbor, Maine, and wanted to preserve the wild Maine coast for future generations. He began to organize other landowners, and worked to buy land for what was to become Acadia National Park, the first national park east of the Mississippi.

He also purchased 30,000 acres of land in Jackson Hole, Wyoming, and tried to donate the land to expand Grand Teton National Park. In 1943 President Roosevelt unilaterally declared the land a national monument, but fervent opposition by Western Congressmen blocked any use of federal funds to maintain the land. Not until 1950 was the land finally donated by Rockefeller to the National Park Service.

Rockefeller gave about $40 million to the parks, but a more substantial donation—of about $60 million—was made to restore Colonial Williamsburg. Rockefeller first visited Williamsburg in 1926, when it was little more than a few old churches threatened by development. He then spent most of the rest of his life involved in Williamsburg's restoration, fixing up crumbling old buildings, and creating new 18th century style replicas to give visitors a sense of the past.

Similar determination was applied to Rockefeller Center. Begun in 1928 as a replacement home for the Metropolitan Opera, the project nearly collapsed during the Great Depression. But as other backers pulled out, John D. Rockefeller Jr. kept the cash flowing and the project on schedule. He was ridiculed for this by nearly everyone—when one of the Center's best-loved buildings, the Radio City Music Hall, opened, syndicated columnist Walter Lippmann griped that it was little more than "a pedestal built to sustain a peanut"—but time proved Rockefeller right, as his investment proved highly profitable.

John D. Rockefeller Jr. was also highly involved in advancing Protestantism. After World War I, he tried, and failed, to unite existing Protestant denominations into a single "Church of the Living God." In the 1920s, he poured millions into the "Interchurch World Movement," another failed effort to merge existing denominations. He was also a major benefactor of the Riverside Church, a non-denominational Protestant church located in Manhattan.

Historians estimate that John D. Rockefeller Jr. gave $537 million during his lifetime. That's slightly less than John D. Rockefeller Sr.'s $540

million, but Junior remains one of America's greatest philanthropists—and one who did almost as much as his father to influence American life.

FOR FURTHER READING

The only biography of Junior remains Raymond Fosdick's *John D. Rockefeller Jr.: A Portrait* (1956), Written while its subject was still alive, Fosdick's book is worth reading, but omits important details (such as Rockefeller's 1904 breakdown.) Far better is John Ensor Harr and Peter J. Johnson's *The Rockefeller Century* (1988), a multi-generational chronicle that largely is devoted to Junior. The Rockefeller Archive Center has issued two volumes of Junior's letters, both edited by Joseph W. Ernst: *Worthwhile Places* (1991) contains Junior's letters on conservation, while *"Dear Father"/"Dear Son"* (1994) collects the correspondence between Junior and Senior.

George Eastman

(1854-1932)

If a man has wealth, he has to make a choice, because there is the money heaping up. He can keep it together in a bunch, and then leave it for others to administer after he is dead. Or he can get it into action and have fun, while he is still alive. I prefer getting it into action and adapting it to human needs, and making the plan work.

—George Eastman (1923)

George Eastman is the most obscure of the great philanthropists. Yet the founder of Eastman Kodak was one of the giants of philanthropy. Biographer Elizabeth Brayer estimates that, during his lifetime, Eastman gave away $125 million, more than anyone else of his generation save for John D. Rockefeller Sr., John D. Rockefeller Jr., and Andrew Carnegie.

Eastman never tried to gain publicity from his giving. He never created a foundation, and gave away his fortune with the help of one assistant. Nor did he crave fame; the *Boston Post*, in a 1920 series, declared that Eastman was "America's most modest and least known millionaire."

Eastman was a very private man. He had few confidants and made most business decisions on his own. Historian Carl W. Ackerman, whose book about Eastman was edited by its subject, refers to Eastman's "Oriental capacity to conceal his thoughts." Eastman was also notoriously reluctant to deal with the press. B. C. Forbes, founder of *Forbes* magazine, recalled that when interviewing Eastman for a book on important business leaders, Eastman allowed an hour for the interview, and spent the first half-hour chatting about current topics of the day, then said that the remaining half-hour "would more than suffice for the telling of his whole life's story."

Eastman's business achievements are well known. When Eastman created what was to become Eastman Kodak in 1877, photography was a profession involving considerable time and expense. Eastman and his engineers learned how to create film in mass quantities (making motion pictures possible) and then learned how to create pocket cameras that most people could afford.

By 1900 most of the technical advances that ensured that Eastman Kodak would become a successful multinational corporation had been made, and Eastman, who never married and had no children, had made his fortune. So he decided to become a philanthropist.

He began by giving money within his hometown of Rochester, New York. He began contributing to the University of Rochester in 1902, when the university's president, Rush Rhees, asked Eastman for $5,000 to assist in the funding of a new biology and physics building. He gave $77,000, then announced "I am not interested in education." But that grant was the first of a series that would ultimately lead to contributions totaling $54 million.

Eastman was also generous towards the Massachusetts Institute of Technology. At the turn of the century, M.I.T. was headed by an empire-building president named Richard Cockburn Maclaurin, who wanted to build a new campus. In 1912, Maclaurin wrote to M.I.T. alumnus Frank Lovejoy, who was Eastman Kodak's general manager (and later president). Lovejoy suggested that Eastman would give money, and in March 1912 Maclaurin and Eastman met at New York City's Hotel Belmont.

According to Maclaurin's biographer, Frank Greenleaf Pearson, Maclaurin spent the evening telling Eastman his plans for making M.I.T. into a first-class institution. "What sum will be needed?" Eastman asked.

"Two and a half millions," said Maclaurin.

"I will send you a draft for that amount," Eastman said, on the condition that his gift remain anonymous.

Maclaurin realized he had to invent a pseudonym for Eastman. He thought about calling him "anonymous giver," but finally settled on calling him "Mr. Smith."

Maclaurin revealed a few facts about his mysterious donor, including that he was not an M.I.T. alumnus and did not live in Massachusetts. Many people tried—and failed—to determine who "Mr. Smith" was. He was even the subject of a student song, written to the tune of "Marching Through Georgia":

Hurrah! Hurrah! for Tech and Boston beans,
Hurrah! Hurrah! for 'Smith,' who'er that means,
May he always have a hundred million in his jeans,
So we'll get—what we want—when we want it.

Eastman gave $20 million to M.I.T. while disguised as "Mr. Smith." Not only did no one guess who "Mr. Smith" was, but in 1916, Eastman (who had publicly given M.I.T. $300,000) attended a banquet where loud toasts were made to Mr. Smith. Only in 1920 did Eastman reveal Mr. Smith's identity.

Elizabeth Brayer notes that Eastman's gifts to M.I.T. clearly show his views about giving—views that he consistently held throughout his lifetime. First, Eastman thought carefully about his gifts. He investigated M.I.T. for several years before beginning his substantial donations. "A rich man should be given credit for the judgment he uses in giving away his wealth," Eastman said in 1918, "rather than the amount he gives away."

"Mr. Eastman employs no committee or commission to handle his bequests," journalist William L. Chenery wrote in 1920. "He takes a strong personal interest in each one."

In December 1924, Eastman announced his retirement (at age 70) from Eastman Kodak by giving $30 million to the University of Rochester, M.I.T., and two African American institutions, Hampton Institute and Tuskegee Institute. Eastman then spent the remaining eight years of his life giving smaller sums to his favorite causes. Intensely interested in music, he created the University of Rochester's Eastman School of Music and helped form the Rochester Philharmonic Orchestra (now the Eastman Rochester Philharmonic). Health care was another concern: he gave millions to the University of Rochester's medical school and its affiliated hospital, as well as to dental clinics in Rochester and in England.

In all these projects, Eastman closely scrutinized recipients, examining their plans in minute detail. For example, he frequently required that buildings he funded be constructed with little ornamentation so that money would not be wasted. Claude Bragdon, an architect who designed several buildings funded by Eastman, chafed at this refusal to spend on frills, calling Eastman's attitude "that of a Pharaoh."

Eastman also made clear that there were causes he would not support. As a non-churchgoer who appears to have been an agnostic or deist, he would not support religious causes. He also declined Columbia University president Nicholas Murray Butler's efforts to promote world government. And the list of colleges that Eastman refused to support is longer than those to which he gave. Elizabeth Brayer notes that Eastman is known to have turned down at least nineteen institutions, including Columbia, Princeton, William and Mary, Swarthmore, the University of Pennsylvania, and all women's colleges.

Nor was Eastman generous to individuals he did not know. Some requests were eccentric; in 1919, a woman apparently proposed marriage to Eastman and suggested they adopt six children. By the 1920s, Eastman's secretary was present at all interviews, ending them whenever the subject came to money. Elizabeth Brayer notes that by 1930, Eastman "was complaining that everyone who comes calling, came with a hand out."

Eastman consistently stated the importance of giving during one's lifetime. As early as 1917, when his donations to M.I.T. were still a secret, he told B. C. Forbes, "I don't believe in men waiting until they are dead before using any of their money for helpful purposes."

In a 1923 interview with Arthur Gleason, Eastman said that he opposed posthumous giving because "if you leave [a fortune] by will, five years may pass, and the scheme you devised may be unfitted to the new circumstances. Things change while a will is waiting. Then the executors may be so hampered by the conditions of the will and the new situation that successful use of the funds is difficult. It is more fun to give away money than to will it. And that is why I give."

By 1925, notes Rochester's chief historian Blake McKelvey, the city "had been made over in Eastman's image…. His predilections for constructive philanthropy, for systematic and cooperative group action, were fixed Rochester characteristics."

And when Eastman made his major gifts in 1924, the *Boston Globe* editorialized that Eastman's methods might be worth emulating: "Few can endow great universities. But many can apply George Eastman's philosophy of giving: invest in your own community and put your money to work while you still live."

For Further Reading

The only true biography of George Eastman is Elizabeth Brayer's *George Eastman: A Biography*, published in 1996. At least eight other biographies, including ones written by renowned French biographer André Maurois and business writers Isaac Marcosson and Samuel Crowther, were written and suppressed either by Eastman or Eastman Kodak. Carl W. Ackerman's 1930 book, *George Eastman*, is worth consulting, but it is an annotated collection of Eastman's papers, not a true biography.

Andrew W. Mellon
(1855-1937)
&
Paul Mellon
(1907-1999)

If Grandpa Thomas with his plough
Could only see us Mellons now
(Especially those who misbehave!)
He'd turn abruptly in his grave.

A Puritan who had the gift
Of soberness and work and thrift
He'd scarce believe we'd be such fools
To sun ourselves at swimming pools....

And he might think our clothes outrageous,
Our mini-skirts, like mumps, contagious,
Our rock and roll too loud to bear,
Too wild our boys with maxi-hair.

—Paul Mellon, "Thoughts in a Mellon Patch" (1970)

Study the Mellon family and you'll quickly find out two things. First, there are lots of Mellons, and many of them ran philanthropies. If we had more space, we could explore the charity of such important Mellon family members as Richard King Mellon and Richard Mellon Scaife (whose grandfather was Andrew Mellon's uncle).

Second, while most of the great philanthropists created only one giant business (a few, most notably James Buchanan Duke, created two), the Mellons were involved in the creation of many important enterprises. Andrew Mellon was responsible for creating and maintaining no less than five firms: the Mellon National Bank, Gulf Oil (now part of Chevron), the Aluminum Company of America (now Alcoa), Koppers, a leading mining company, and the Carborundum Company, an industrial manufacturer. Walk down the streets of downtown Pittsburgh, and if you find a corporate tower, it's likely to be a company the Mellons either owned, created, or tried to buy.

Thomas Mellon began the family fortune by creating the family bank. Andrew Mellon inherited control of his father's bank, but began to use his capital to invest in other enterprises. He was, in effect, one of the first venture capitalists, backing little-known inventors in return for a share of their companies. His greatest triumph was investing in Charles Hall, who in 1889 perfected the techniques by which aluminum could be refined cheaply. Hall's company, now Alcoa, was a cornerstone of the Mellon family fortune. Another major triumph was investing in the wildcatters who discovered the Spindletop oil strike in Texas in 1901, creating Gulf Oil. (Joining Mellon was the Pew family, whose minority share of Spindletop also turned them into oil millionaires.)

In 1909 Mellon performed his first act of charity in creating the Mellon Institute for Industrial Research. Designed to be a postgraduate industrial chemistry laboratory, the institute made scores of useful discoveries including artificial rubber and gas masks, creating in the process the technology that enabled the petrochemical industry to be created. Other discoveries were more conventional; Mellon Institute research perfected the cellulose sausage casing, which replaced expensive Chinese hog intestines. (In 1966 the Mellon Institute merged with the Carnegie Institute to form Carnegie-Mellon University.)

Andrew Mellon was a reticent man who stayed out of the limelight. So little-known was he that when his name was proposed as Secretary of the Treasury in 1920, President Warren G. Harding had to ask "Mellon? Who's he?" In the Harding Administration's Cabinet meetings, Mellon was the only one who kept his mouth shut.

But during the Harding and Coolidge Administrations, Mellon

proved one of the greatest Treasury Secretaries in American history. He arrived in Washington to find a government saddled with debts to pay World War I and some of the highest tax rates in American history.

"High taxation means a high price level and high cost of living," Mellon wrote in his only book, *Taxation: The People's Business* (1924). "A reduction in taxes, therefore, results not only in an immediate saving to the individual or property directly affected, but an ultimate saving to all people in the country." Under Mellon's leadership, tax rates were slashed and the national debt fell from $6.5 billion to $3.5 billion. By 1928, Mellon proudly announced that a childless single man with a $4,000 income saw his tax bill fall from $120 in 1920 to $5.63 in 1928.

Unfortunately for Mellon, he stayed on as Treasury Secretary until 1932, and was often blamed at the time for instigating the Depression.

But in good times or bad, Mellon was buying art. Under the influence of his assistant, David Finley, Mellon specialized in buying classic artists—Turner, El Greco, Joshua Reynolds, Vermeer, Gainsborough. John Walker, the long-time head of the National Gallery of Art who knew both Andrew and Paul Mellon well, said that Andrew Mellon wanted paintings that would offer "an ideal escape into a world filled with civilized human beings, often portrayed in the midst of beautiful scenery. Passing much of his life in Washington among uninspired bureaucrats… he wished to dream of a pleasanter environment."

Andrew Mellon was such an active buyer of traditional art in the 1920s that Lord Duveen, the great British dealer, rented an apartment on the floor below Mellon's so that he could periodically show paintings for Mellon to inspect. In 1930, Mellon bought 17 paintings from the Soviet Union's cash-strapped Hermitage Museum: three Rembrandts, two Raphaels, and one painting each by Rubens, Botticelli, and Van Dyck.

Some time between 1923 and 1929 (accounts vary), Mellon decided he was going to donate his paintings to the nation, to create the national gallery of art that America lacked. His desire increased in 1932–1933, when, serving as Ambassador to Great Britain he spent a great deal of time in Britain's National Gallery—and decided that America had to have a counterpart.

After Mellon left government, he spent a great deal of time fighting the IRS, which accused him of dramatically understating his income in 1931. In 1937, after his death, Mellon was acquitted of all charges.

When friends asked him why he was still involved in creating the National Gallery of Art when the government was persecuting him, Mellon replied, "Eventually the people now in power in Washington will be dead and I will be dead, but the National Gallery, I hope will be there and that is something the country needs."

Mellon was intensely involved in the construction of the National Gallery of Art. He selected the architect, John Russell Pope (who also designed the National Archives), as well as the Tennessee marble used in the building's construction. Mellon also selected the building's site—and was intimately involved in wresting the land away from its owners, a nonprofit that had hoped to build a memorial to George Washington.

Andrew Mellon did not live to see the National Gallery of Art's opening in 1941. But his son, Paul, was present, and continued to be the National Gallery's chief patron until his death in 1999. Under Paul Mellon's leadership, the National Gallery steadily expanded its collections, and acquired a second building in 1978.

Paul Mellon was half-English, and fell under the spell of England for most of his life. Unlike his father, the younger Mellon had more specialized tastes in art, devoting himself to the Impressionists and to the British Masters. He loved sporting paintings, and, he once joked to the *New York Times*, he would choose paintings if they had at least two cows in them.

Paul Mellon never played an active part in his father's enterprises after Andrew Mellon's death. With the exception of World War II, where he served in the Office of Strategic Services, rising to the rank of major, Paul Mellon spent most of his life as a philanthropist. He served as president of the National Gallery of Art from 1963–1978, and as chairman of the board from 1975–1985; Paul Mellon also contributed 913 paintings to the gallery as well as millions of dollars from the Andrew W. Mellon Foundation, of which he was a trustee for much of his life. Mellon also founded the Yale Center for British Studies, and donated to Yale most of his collection that did not end up in the National Gallery.

But Paul Mellon was also a patron of literature. In 1945, he created the Bollingen Foundation as a way of promoting the work of

psychiatrist C. G. Jung. Bollingen funds also paid for the translations of many Asian spiritual classics, most notably the *I Ching*. And for several decades, the Bollingen Prize was one of poetry's premier prizes, though notoriously, the first prize was awarded in 1945 to Ezra Pound, famous for espousing pro-Nazi statements.

For Further Reading

The definitive book on the Mellons remains Burton Hersh's *The Mellon Family* (1978). Lawrence Koskoff's *The Mellons* (1978) is more pedantic and less interesting. Also important is "The Mellons of Pittsburgh," by Charles J.V. Murphy, *Fortune*, October-December 1967; the first part profiles Andrew Mellon while the third part is about Paul Mellon. Paul Mellon's autobiography, *Reflections in a Silver Spoon* (1992), sheds some light on Mellon's ideas about philanthropy. The memoirs of David Finley, *A Standard of Excellence* (1973) and John Walker, *Self-Portrait with Donors* (1974) are both firsthand accounts of the creation of the National Gallery of Art. William Hoffman's biography, *Paul Mellon*, (1974) has dated very badly.

Julius Rosenwald

(1862-1932)

I think it is inevitable that as trustees and officers of perpetuities grow old they become more concerned to conserve the funds in their care than to wring from those funds the greatest possible usefulness. That tendency is evident already in some of the foundations, and as time goes on it will not lessen but increase. The cure for this disease is a radical operation. If the funds must exhaust themselves within a generation, no bureaucracy is likely to develop around them.

—Julius Rosenwald, "Principles of Public Giving" (1929)

Julius Rosenwald is the most important philanthropist to warn against the dangers of perpetual foundations. His essays "Principles of Public Giving" and "The Trend Away From Perpetuities," published in *The Atlantic Monthly* in 1929 and 1930, are important milestones in the history of philanthropy that still provide valuable advice to philanthropists. Rosenwald's own philanthropy shows that he was a strong-minded donor who encouraged his trustees to pursue his vision after his death.

Unlike most of the great philanthropists, Julius Rosenwald was not an entrepreneur. His wealth derived from his long-time position as president of Sears, Roebuck, founded in 1889 by Richard Sears and Alvah Roebuck. In 1895 Roebuck retired, exhausted by the long hours and fearing liability for debts if the partnership failed.

Richard Sears went looking for another partner. He found Aaron Nussbaum, who made a fortune selling soda pop and ice cream to attendees of the 1893 Chicago World's Fair. Sears offered Nussbaum a partnership for $15,000. Nussbaum borrowed the money from his brother-in-law, Julius Rosenwald.

Sears and Rosenwald were already acquainted. Rosenwald had started a company that made men's suits, and Sears was one of Rosenwald's best customers. So Sears agreed to bring in both Rosenwald and Nussbaum as partners. Nussbaum left in 1897, but Rosenwald and Sears remained partners for over a decade.

Sears was one of history's great salesmen, but Sears, Roebuck customers had a hard time getting their orders filled. Order slips were thrown in baskets and left for weeks, and customers frequently received incorrect sizes or were erroneously told the items they wanted were out of stock.

Rosenwald, working with Sears, Roebuck chief of operations Otto Doering, changed all that. He and Doering built a forty-acre warehouse in Chicago's West Side and invented a "schedule system" that allowed employees to handle 100,000 orders a day. He also issued money-back guarantees and insisted that all products in Sears catalogues be described honestly and accurately. "Sell honest merchandise for less money and most people will buy," Rosenwald wrote. "Treat people fairly and honestly and generously and their response will be fair and honest and generous."

Sears, Roebuck suffered after the recession of 1907, and Sears and Rosenwald had a fierce argument about what the company needed to do to recover. Sears lost the argument, and resigned in 1908. Rosenwald became chairman of the Sears board, a position he held until his death.

Rosenwald then began a career as a philanthropist. He had many enthusiasms. He led the effort to create a science museum in Chicago. He was active in Jewish causes, including efforts to aid Jewish settlers in Palestine. A 1912 profile in *The American Magazine* reported that Rosenwald was a director or trustee of sixteen charities, including Hull House, Associated Jewish Charities, and the Infant Welfare Society. But when asked what endeavor gave him the greatest satisfaction, Rosenwald replied, "The work with the colored people."

According to biographer M. R. Werner, Rosenwald became interested in helping African Americans in May 1911, when he read Booker T. Washington's autobiography, *Up From Slavery*. In May 1911, Rosenwald and Washington met in Chicago's Blackstone Hotel to discuss projects. Rosenwald first agreed to donate $50,000 to Washington's Tuskegee Institute. A year later, Washington and Rosenwald began plans to build schools for African American students. Rosenwald agreed to let Washington select the schools that would participate in the program. Rosenwald agreed to donate $25,000 to any school, public or private, that could raise the

remainder of the money.

Washington died in 1915, before the school-building program began. But in 1914, Washington wrote an article commenting on a similar plan to assist African Americans in building YMCAs. In this plan, Rosenwald donated $25,000 to black YMCAs that could raise $75,000, an offer that stimulated major philanthropic activity. In Washington, D.C., 4,500 black residents—5 percent of the African American population—contributed $27,000. In Chicago, 10,000 blacks—one-quarter of the African American population—gave $67,000. "The gathering and collection of subscriptions," Washington wrote, "the inspiration that comes from labor in common for the common good—all this is in itself a character-building process."

The school-building plan also encouraged self-help and self-reliance. In Boligee, Alabama, an anonymous observer noted that poor rural blacks walked as much as four miles through the mud to make their contribution. "One old man, who had seen slavery days, with all of his life's savings in an old greasy sack, slowly drew it from his pocket, and emptied it on the table. I have never seen such a pile of nickels, pennies, dimes, and dollars, etc., in my life. He put thirty-eight dollars on the table, which was his entire savings."

When Rosenwald died in 1932, he had contributed $4.4 million to build 3,157 schools in the South. This was matched by $18.1 million in government funds, $1.2 million from other foundations, and $4.7 million from African Americans. The latter contributions were most important, because no school was built unless other blacks contributed.

Historian Daniel Boorstin concludes that Rosenwald followed Andrew Carnegie's philosophy of using philanthropy to inspire self-sufficiency. "No one would be helped unless the person himself was willing to make an effort to help himself. The passive beneficiary had no place in this scheme."

Late in his career, Rosenwald emerged as a critic of perpetual foundations. In 1917, he founded the Julius Rosenwald Fund with a term limit of 25 years after his death. He had also encouraged some foundations with which he was affiliated to spend down. But in 1929, he expressed his reasons in an important essay in *The Atlantic Monthly*, "Principles of Public Giving."

Rosenwald began by discussing charities that had outlived their usefulness, such as a fund to give Oxford University students half a loaf of bread a day, or another fund that protected students of Bryn Mawr College against hunger by giving them baked potatoes. But it was also true, he argued, that organizations with vague charters could quickly succumb to institutional hardening of the arteries, becoming more preoccupied with self-preservation than with the purpose for which they were created. He recounted his experience as a trustee of the University of Chicago, where his colleagues on the board were reluctant to touch the institution's $47 million endowment, even for such useful purposes as buying books or aiding professors in research.

Even if foundations cease to be immortal, Rosenwald argued, each generation would contribute to whatever causes it felt worthwhile. Limiting the life of foundations to one generation after the donor's death would mean "placing confidence in living trustees" and discouraging "the building up of bureaucratic groups of men, who tend to become over conservative and timid in the investment and disbursement of trust funds."

"Principles of Public Giving" created a sensation in the philanthropic world. Rosenwald received hundreds of letters from colleagues who headed philanthropies and universities—and a surprising number agreed with him, including Rockefeller Foundation president George Vincent, Twentieth Century Fund creator Edward Filene, and Brookings Institution founder Robert Brookings.

Relatively few donors of Rosenwald's era took his advice and created term-limited foundations. But the thoughtful and provocative criticisms Rosenwald leveled against perpetual foundations are ones that each generation of donors must consider. "Real endowments are not money, but ideas," Rosenwald wrote in 1930. "Desirable and feasible ideas are of much more value than money, and when their usefulness has once been established they may be expected to receive ready support as long as they justify themselves."

For Further Reading

"Principles of Public Giving" was reprinted in part in the July-August 1998 issue of *Philanthropy*. Rosenwald's only biography is *Julius Rosenwald* by M. R. Werner (1939). Edwin Embree and Julia Waxman's *Investment in People* (1948), the authorized history of the Rosenwald Fund, provides some information about Rosenwald's ideas. *The Julius Rosenwald Centennial* (1963) has some excellent essays, including one by Daniel Boorstin. Eric Anderson and Alfred A. Moss, *Jr.'s Dangerous Donations* (1999), provides a more critical analysis of Rosenwald's philanthropy.

Excerpt from "Principles of Public Giving"

One of the enduring problems of philanthropy is whether foundations should pay out their endowments within one generation, or establish a foundation with an indefinite lifespan. In "Principles of Public Giving," first published in May 1929 in The Atlantic Monthly, *Julius Rosenwald explains why donors should spend out their wealth with a strict time limit.*

I am opposed to gifts in perpetuity for any purpose. I do not advocate profligate spending of principal. That is not the true alternative to perpetuities. I advocate the gift that provides that the trustees may spend a small portion of the capital—say, not to exceed 5 or 10 per cent—in any one year in addition to the income if in their judgment there is good use at hand for the additional sums. Men who argue that permission to spend principal will lead to profligate spending do not know the temper of trustees and thence of responsibility they feel toward funds entrusted to them; nor do they appreciate the real difficulties which face donors and trustees of foundations in finding objects worthy of their support. I am prepared to say that some of the keenest minds in this country are employed by foundations and universities in seeking such objects; yet, when a real need is discovered, it often cannot be met adequately, simply because of restrictions placed on funds in hand.

The point has been raised that great institutions must have perpetual endowments to tide them through hard times when new money may not be forthcoming. Those are precisely the times when it is most important to have unrestricted funds which will permit our institutions to continue their work until conditions improve, as they always do. A great institution like Harvard ought not to have to restrict its activities merely because its income for one reason or another has been temporarily curtailed. The spending of a million or two of principal at such a time is not imprudent. Sound business sense, indeed, would commend it.

I am thinking not only of university endowments, but also of the great foundations established to increase the sum of knowledge and happiness among men. Too many of these are in perpetuity. It is an astonishing fact that the men who gave them—for the most part, hard-headed businessmen who abhorred bureaucracy—have not guarded, in their giving, against this blight. I think it is almost inevitable that as trustees and officers of perpetuities grow old they become more concerned to conserve the funds in their care than to wring from those funds the greatest possible usefulness. That tendency is evident already in some of the foundations, and as time goes on it will not lessen but increase. The cure for this disease is a radical operation. If the funds must exhaust themselves within a generation, no bureaucracy is likely to develop around them.

Instead of welcoming perpetuities, trustees, it seems to me, would be justified in resenting them. Perpetuities are, in a measure at least, an avowal of lack of confidence in the trustees by the donor. And it is a strange avowal. The trustees are told that they are wise enough and honest enough to invest the money and spend the income amounting to 4 or 5 per cent a year; but they are told in the same breath that they are not capable of spending 6 or 10 or 15 per cent wisely.

If trustees are not resentful, it is because they know that donors of perpetuities are not thinking in those terms. Sometimes perpetuities are created only because lawyers who draft deeds of gifts and wills have not learned that money can be given in any other way. More often, probably, perpetuities are set up because of the donor's altogether human desire to establish an enduring memorial on earth—an end that becomes increasingly attractive to many men with advancing years.

I am certain that those who seek by perpetuities to create for themselves a kind of immortality on earth will fail, if only because no institution and no foundation can live forever. If some men are remembered years and centuries after the death of the last of their contemporaries, it is not because of endowments they created. The names of Harvard, Yale, Bodley, and Smithson, to be sure, are still on men's lips, but the names are now not those of men but of institutions. If any of these men strove for everlasting remembrance, they must feel kinship with Nesselrode, who lived a diplomat, but is immortal as a pudding.

Henry Ford

(1863-1947)

We hold that it is part of our industrial duty—that is, part of our service that supports the wage motive—to help people to help themselves. We believe that what is called being charitable is a particularly mean form of self-gratification—mean because, while it pretends to aid, it really hurts…. For once you give a man something for nothing, you set him trying to get someone else to give him something for nothing.

—Henry Ford (with Samuel Crowther), *Today and Tomorrow* (1930)

Most people think that Henry Ford was not charitable. And Ford did everything he could to persuade the public that he was an eccentric, hard-hearted skinflint.

Pick up a copy of Ford's first and most famous book, *My Life & Work* (1923), and you'll find a chapter entitled "Why Charity?" which includes the following thoughts:

- I have no patience with professional charity or with any sort of commercialized humanitarianism. The moment human happiness is systematized, organized, commercialized, and professionalized, the heart of it becomes extinguished, and it becomes a cold and clammy thing.
- Professional charity is not only cold but it hurts more than it helps. It degrades the recipients and drugs their self-respect.
- If we can get away from charity, the funds that now go into charitable enterprises can be turned to furthering production—to making goods quickly and in great plenty. And then we shall not only be removing the burden of taxes from the community and freeing men but also we can be adding to the general wealth.

From sentiments such as these, one might think that Henry Ford only gave away his wealth when he died. But according to historian William Greenleaf, whose account of Ford's charity is the most definitive, Henry Ford gave away $37.6 million during his lifetime. While that did not make him as generous as John D. Rockefeller Sr., John D. Rockefeller Jr., or Andrew Carnegie, Ford nonetheless gave away one-third of what he made, far more than most wealthy people of his time.

According to Greenleaf, Ford derived his philosophy of charity from an 1896 essay by George Bernard Shaw called "Socialism for Millionaires." In the essay, Shaw describes how the millionaire should not help the poor directly, since such aid would reward "the utterly worthless, the hopelessly, incorrigibly lazy, idle, easy going good-for-nothing." Instead, the donor should support large projects that government was unwilling to assume. "The millionaire should ask himself what is his favorite subject?" Shaw wrote. "Has it a school, with scholarships for the endowment of research and the attraction of rising talent at the universities? Has it a library, or a museum? If not, then he has an opening at once for his ten thousand or his hundred thousand."

Henry Ford followed Shaw's advice. Like most wealthy men, he was besieged with requests for aid. By 1915, he received 200 letters a day for aid; by 1924, the number had climbed to 10,000 a week, and a team of private secretaries sent out over 50 form letters in response.

Ford often gave money away spontaneously to poor people he met during his travels. But he always refused to give to organizations he could not directly control. He would not give to community chests, and he consistently opposed any form of charity that might reward idleness.

But for poor people willing to work, Ford offered plenty of jobs at good wages at Ford Motor factories. He prided himself on taking people that others might have considered hopeless and turning them into productive workers. He routinely hired the disabled. In 1919, nearly 20 percent of his workers had some sort of disability, including one employee who had lost both hands, four workers who had lost both legs, four who were totally blind, and 123 who only had one hand or arm. Former criminals—including violent ones—were also given a second chance at Ford plants. Between 1914–1920, Ford hired between 400 and 600 convicted criminals, including

a forger found guilty of signing "Henry F. Ford Jr." on a $15 check.

Ford's belief in self-help also extended to African Americans. In 1931, Ford heard about the problems of the largely black city of Inkster, a distant suburb of Detroit. Most residents were out of work and heavily in debt. The city was bankrupt, had laid off its police and garbage collectors, and had turned off the streetlights.

Ford offered Inkster's residents jobs. He hired dozens of people to work in his factories for six dollars a day, and paid other residents a dollar a day to clean up trash and plow crops. He loaned trucks to pick up garbage and tractors to plow fields. Ford factories crushed slabs of concrete from demolished buildings for use in paving streets and roads. By 1936, notes biographer Keith Sward, Inkster "became a shining little oasis, immune from the worst ravages of depression."

But Ford also practiced more traditional charity. The majority of his aid went to the Henry Ford Hospital, a large Detroit institution. In 1914, Detroiters started a subscription campaign to build a large hospital. After building started, the hospital foundered in debt. So Ford took over the project and completed the hospital with his own funds.

The Henry Ford Hospital also expressed Ford's philosophy of self-reliance, in that it was meant for the worker who wanted first-class treatment but did not want to beg for charity. "There are plenty of hospitals for the rich," Ford wrote in *My Life & Work*. "There are plenty of hospitals for the poor. There are no hospitals for those who can afford to pay only a moderate amount and yet desire to pay without a feeling that they are recipients of charity."

Ford's other major project was the creation of Greenfield Village, a living history museum in Dearborn, Michigan that preserves some of the finest buildings in America, such as the original bicycle shop of the Wright Brothers. The museum, along with the adjoining Henry Ford Museum, offers patrons a thoughtful look at American industrial and social history.

Given Ford's belief in self-reliance, he frequently told journalists that he did not intend to leave his money to a foundation. "When people ask me what I am going to do with my money they really mean which bunch of secretaries or societies I am going to select to dole out my 'charity,'" Ford told journalist William L. Stidger in 1923. "My money is going to keep on going where it is now—into men."

"So the business itself [i.e., Ford Motor] is to be the Ford Foundation?"

"That's right. The organization is to be the Ford Foundation. I want that Foundation to be the life-saving opportunity of millions of men and women to be self-supporting and self-sustaining. My old motto, 'a chance and not charity,' will be the spirit of the Ford Foundation. I do not believe in giving folks things. I do believe in giving them a chance to make things for themselves!"

But as early as 1925, Ford said that he was afraid of the effects that inheritance taxes might have on Ford Motor. Ford Motor was not a typical corporation, but a gigantic family-owned enterprise; Henry Ford and his son Edsel between them owned 96.9 percent of Ford Motor stock.

Ford's worries increased during the New Deal, when he became one of the few businessmen to refuse to take part in the National Recovery Act, a system of government-sponsored cartels that was later declared unconstitutional by the Supreme Court. In 1935, Congress passed the Revenue Act, which President Franklin D. Roosevelt said would "fight unjust concentrations of wealth and power." Under the act, death duties rose to 70 percent of estates worth over $50 million.

If either Henry or Edsel Ford died, the estate could pay taxes on that man's share of Ford Motor. But if both men died, the government could end up owning the family enterprise.

So in 1936, Ford Motor stock was reorganized into two classes. Some 95 percent went to non-voting Class A stock, while 5 percent remained voting Class B stock. Henry and Edsel Ford both willed the Class A stock to the newly-created Ford Foundation, while retaining control of the Class B stock. This allowed the family to retain control of Ford Motor while ensuring that most of the wealth Henry Ford created would go to charity. The arrangement lasted until 1956, when the Ford Foundation started selling its Ford Motor shares. Because of New York Stock Exchange prohibitions against selling non-voting stock, these shares were converted into voting shares and Ford Motor was transformed from a private to a public corporation.

Few realized at its creation how wealthy the Ford Foundation

would become. Ford never announced the birth of the new foundation, and the press found out only when the head of Michigan's corporations and securities division told reporters that Ford's lawyers had filed the necessary papers. These lawyers declined all comment, and all Edsel Ford would say was that "the foundation will take care of the various educational and research projects that I don't have time to do personally. It will be on a small scale and I have no intention of making it larger."

Edsel Ford died in 1943, and Henry Ford died four years later. And after Henry Ford's death, the Ford Foundation became the wealthiest foundation in America.

For Further Reading

The best guide to Henry Ford's charity is William Greenleaf's *From These Beginnings* (1964). Henry Ford's own writings, particularly *My Life & Work* (1923) and *Today and Tomorrow* (1930), are mostly useful for showing his hostility to traditional charity. Ford has had many biographers; the best accounts are those of Allan Nevins and Frank Ernest Hill, *Ford* (1953–1962), Garet Garrett, *The Wild Wheel* (1952), and Peter Collier and David Horowitz, *The Fords* (1987).

The Guggenheim Family

Meyer Guggenheim (1828–1905) had eight sons. One died when he was a teenager. A second, Benjamin, went down on the Titanic wearing formal evening clothes. A third, William, was a wastrel who dissipated his inheritance and left a tiny legacy to four girlfriends, including a former Miss America and a former Miss Connecticut. But four of the remaining five sons formed foundations.

The story of the Guggenheim wealth begins with an immigrant and a pushcart. In 1848, the first Simon Guggenheim emigrated from Switzerland to America with his twenty-year-old son, Meyer. Landing in Philadelphia, father and son walked the streets, hawking needles, lace, glue, and shoe polish from their carts.

In the 1860s, Meyer Guggenheim invented a stove polish that didn't

blacken housewives' hands. He then used the profits from his polish to invest in lace factories in Switzerland. By 1872, these factories were sending a steady stream of imports to the United States.

But Meyer Guggenheim had high ambitions for his children. According to a 1930 profile in *Fortune*, he said, "not once, but many times, 'I have seven sons, and each of them will have a million dollars.'"

Meyer Guggenheim made his fortune in 1879, when he heard about two silver and lead mines in Leadville, Colorado called the A. Y. and the Minnie. The mines were full of water. But he gambled that the mines would make money, and formed a partnership. Six months later, the water was pumped out and the mines proved profitable, producing 2,000 pounds of silver a month.

From the profits of his first two mines, Meyer Guggenheim liquidated the lace business and used the capital to invest in other mines. He also realized that to succeed, he needed to refine and sell ore, not just mine it. By 1895 he was a successful entrepreneur, with interests not only in

American mines, but in Mexico and Latin America.

But a group of Meyer Guggenheim's competitors decided to amalgamate and create a giant copper trust. By 1898 these firms had formed American Smelting and Refining and tried to get Meyer Guggenheim to join. He refused, and launched a war against the trust, flooding the market with cheap Mexican silver and copper.

In 1901 the trust capitulated, and Meyer Guggenheim took control of American Smelting and Refining. Now called Asarco, the firm remains one of America's leading mining companies. But the Guggenheims used their wealth to invest in mines in Mexico and Chile, ensuring they had substantial interests in other mining companies, including Anaconda and Kennecott Copper.

When Meyer Guggenheim died in 1905, his sons had become millionaires, and the Guggenheims were one of America's richest families. "The Rockefellers have more wealth," a 1930 *Fortune* article noted. "Henry Ford is wealthier than any Guggenheim. 'But,' someone has said, 'there is only one Henry Ford, and there are a lot of Guggenheims.'"

But Meyer Guggenheim taught his children that wealth should be used to better humanity. Financier Bernard Baruch, who frequently worked with the Guggenheims on business transactions, recalled in his memoirs a story about someone who came to Meyer Guggenheim with a money-making idea. "See, Mr. Guggenheim," the man said, "What wealth, what power that would give you!"

Meyer Guggenheim stroked his mutton-chop whiskers, and said, "*Und denn*?"

This notion of putting wealth to good use, Baruch wrote, "was characteristic of all the Guggenheims. They believed a project had to do more than just make money." They showed the same breadth of interest in their philanthropies.

Four of Meyer Guggenheim's children formed foundations. Murry Guggenheim had bad teeth, and used his wealth to establish free dental clinics for the poor.

Daniel Guggenheim (1856–1930) first practiced philanthropy after the San Francisco earthquake of 1906, when he sent $50,000 in cash, which was hauled around the San Francisco streets in two pushcarts and dispersed

to the unfortunate. But his great love was airplanes.

When the Daniel Guggenheim Fund for the Promotion of Aeronautics was created in 1926, notes Guggenheim family biographer John H. Davis, it was seen by the philanthropic world as "little more than a manifestation of technological exhibitionism." When President Calvin Coolidge heard that someone was giving $2.5 million to make airplanes go faster, he said, "What's the use of getting there quicker if you haven't got anything better to say when you've arrived?"

But during the fund's short life (it was liquidated shortly after Guggenheim's death) it funded important advances. Guggenheim money funded the research of Robert Goddard, the pioneering American rocket designer, and Theodore von Karman, who subsequently designed the DC-3. The fund endowed chairs of aeronautical engineering at eight universities. And in 1929, the fund enabled aviator Jimmy Doolittle to fly an airplane for the first time using instruments alone.

The two best-known Guggenheim foundations were founded by Simon Guggenheim (1867–1941) and Solomon Guggenheim (1861–1948). Simon Guggenheim came to philanthropy late in life, after a career in the family enterprises interrupted by one term (1906–1912) as a Republican Senator from Colorado. In 1922, his eldest son, John Simon Guggenheim, died at age seventeen after complications from pneumonia. Simon Guggenheim was traumatized by his eldest son's premature death. After much soul-searching, he decided to create a foundation as a memorial to his beloved son. He wrote to American Smelting and Refining general counsel Carroll Atwood Wilson asking for advice. Wilson recommended having two other men help provide counsel: Swarthmore College president Frank Ayledotte and Henry Allen Moe.

Wilson, Ayledotte, and Moe were all Rhodes Scholars, so it's natural that the three of them would propose grants—the Guggenheim Fellowships—that would be very Rhodes-like. The new one-year fellowships were open to scholars aged twenty-five to thirty-five in all fields.

When the John Simon Guggenheim Memorial Foundation began operation in 1925, it was the first American foundation to dedicate itself to helping individuals directly. This confused many journalists, who thought the Guggenheim grants enabled dilettantes to while away the hours in chic

Parisian cafes. In 1931, *New Yorker* cartoonist Carl Rose produced a cartoon showing two youths lounging in a Left Bank cafe. "The Guggenheims will be awfully sore at me if I don't get down to writing pretty soon," the caption read.

But under the leadership of secretary Henry Allen Moe, the Guggenheim Foundation had an extraordinary record for spotting young talent. Most of the important American painters, composers, and novelists who flourished between 1925 and 1975, and many of the scientists, advanced their careers with Guggenheim money. The Guggenheims, for example, gave money to composers Aaron Copland in 1925 (when he was twenty-five) and Samuel Barber in 1936 (he was twenty-six). Among other important early recipients of Guggenheim grants were novelists John Dos Passos and Zora Neale Hurston, and philosopher Sidney Hook.

Solomon Guggenheim spent his first sixty-five years leading an utterly conventional life, delighting in fancy clothes, stately mansions, and his collection of Old Master paintings. Then in 1927 he met a German adventuress named Baroness Hilla Rebay von Ehrenweissen, who spent several weeks painting his portrait. While he was sitting, she convinced him that what really mattered in art was not the past masters, but modern art, specifically the work of Russia's Wassily Kandinsky, Hungary's Lazslo Moholy-Nagy, and Poland's Rudolf Bauer.

Solomon Guggenheim fell madly in love with the Baroness, inviting her frequently to his South Carolina plantation and sending many letters to "Dearest Hillachen." (The Baroness maintained that their relationship was platonic.) Hilla convinced her patron to sell his Old Masters and buy modern art, including fifty Kandinskys, five Moholy-Nagys, and most of the work of Rudolf Bauer. In 1937, the Solomon R. Guggenheim Foundation was created, and in 1939 the "Solomon R. Guggenheim Collection of Non-Objective Painting" began exhibiting in several cities. In 1944, Guggenheim bought land for a permanent site for a museum and commissioned Frank Lloyd Wright to construct the building. (However, Wright did not complete the Guggenheim Museum until 1958, ten years after his patron's death.)

For Further Reading

The best account of the Guggenheim family is John H. Davis's *The Guggenheims* (1978). Milton Lomask's *Seed Money* (1964) also bears reading, as it has a more extensive account of the Guggenheim philanthropies, and includes many interviews with Guggenheim descendants and foundation officials. My article on the John Simon Guggenheim Memorial Foundation in the March 1997 *Foundation Watch* was the most extensive treatment of that foundation since Davis's book.

J. Howard Pew

(1882-1971)

When I speak of the free enterprise system at its best, I mean when it is entirely free—free from monopoly, private or governmental; free from government control or intimidation; free from trade agreements which result in price or production control after the matter of the cartel systems of Europe.

—J. Howard Pew (1938)

The Pew family has long been one of the pillars of charity in Philadelphia. Of all the many members of the Pews who have practiced philanthropy, J. Howard Pew (1882–1971) was the most eloquent and lucid writer.

The Pews' wealth derived from oil. In the 1870s and 1880s, the family, led by Joseph N. Pew Sr. (1848–1912), became some of the few Pennsylvania oil merchants who were not bought out by John D. Rockefeller Sr.'s Standard Oil. In 1901, Pew held a major stake in the Spindletop oil strike in Texas, and used the resulting wealth to form Sun Oil. By the 1930s, Sun Oil had become a major oil producer and refiner, as well as a manufacturer of oil tankers for itself and its competitors.

Joseph N. Pew Sr. had many children, but the two most energetic were Joseph N. Pew Jr. (1894–1963) and J. Howard Pew.

The younger Joseph Pew was a corporate lobbyists who led the successful effort to overturn FDR's National Recovery Act. In the late 1930s, he began to purchase magazines, including *The Farm Journal* and *Pathfinder*, a rural newsweekly, which he transformed into market-oriented publications opposed to government growth.

Joseph Pew was also active in politics. Working with other Philadelphia industrialists (such as *Philadelphia Inquirer* publisher Moses Annenberg), Pew revitalized the state Republican Party, enabling the

Republicans to capture the Pennsylvania governorship in 1938. Pew then sought to be a player in national politics. "The Republican Party stands today where the Continental Army stood at Valley Forge," he said in 1940, "and if Haym Solomon and Robert Morris could empty their purses to keep that army alive, so can we."

By 1940, after a losing effort to persuade the Republicans to nominate Robert Taft for president, Pew came to regard the New Deal as "a gigantic scheme to raze U.S. businesses to a dead level and decade the citizenry into a mass of ballot-casting serfs." A 1944 article in *The New Republic* denounced Pew as the leading "Roosevelt-hater" in the United States, a man "whose rabid antipathy to the New Deal" was far more virulent than any member of the Mellon or DuPont families.

J. Howard Pew spent his career working for Sun Oil. As an engineer, he made important discoveries, both in perfecting methods by which oil could be used as a lubricant and in using oil to create Hydrolene, a highly successful petroleum-derived asphalt. He became president of Sun Oil in 1912, and remained at the helm until 1947. J. Howard was less active politically than his brother Joseph. "The competitive enterprise system," J. Howard wrote in 1945, "has given us the highest standard of living ever achieved by any country at any time in the world's history."

J. Howard Pew supported many causes, but refused to contribute to any organization he believed leftist, including those that favored government welfare. According to *Philadelphia Inquirer* reporter Lucinda Fleeson, Pew thought most existing seminaries were too radical, and gave millions to create the Gordon–Conwell Theological Seminary "to create the kind of ministers he sought."

By all accounts, J. Howard Pew presented himself in public as a grim and austere man who, according to *Institutional Investor* reporter Jack Willoughby, "believed in stiff-backed Christianity, small-town individualism, and local philanthropy." "He was the chairman of the board, stiff and distant," Pew's grandson, George Black, told Willoughby. "I don't think I ever saw him out of a three-piece suit." One anonymous source told *Fortune* in 1941 that J. Howard Pew was so grim that he looked "like an affidavit all over." (However, one biographer, Mary Sennholz, notes that Howard Pew was fond of reciting limericks, often for several hours at a time, and insisted

on taking off every Wednesday afternoon to play golf.)

It's important to note that Pew combined his respect for the free enterprise system with his Christian faith. The clearest expression of his theological views is contained in a 1954 debate among members of the National Council of Churches. At the time, Pew was the chairman of the National Lay Committee, which advised the council on public questions. At one point, Bishop William C. Martin said that many Christians disagreed with Pew's support for checking the growth of government.

Citing Christ's teaching that "You shall find the truth, and the truth shall make you free," Pew answered, "Socialism, Welfare-stateism, Government intervention, or any other term used to describe Collectivism enforced by the power of Government, appears to be directly antithetical to the above ideals."

"Jesus depended on the power of persuasion," Pew continued. "He did not coerce individuals. He saw clearly the attitudes of the heart cannot be changed by coercion, by law and penalty. He depended entirely on the persuasive power of his mission. When Christians lose faith in the message of Jesus and seek to reform society by the power of the state, they are in effect appealing from God to Caesar, they are trying force because they have lost faith in the power of their religion."

In the 1940s, the Pews began to organize their charity. They created seven foundations, which (after all the founders died) were amalgamated into the Pew Charitable Trusts.

The largest of these trusts was the Pew Memorial Foundation (later the Pew Memorial Trust), which was begun in 1948 as the joint philanthropic project of Joseph Pew, J. Howard Pew, and their two sisters, Ethel Pew and Mabel Pew Myrin. The trust gave money to Philadelphia charities, including the YMCA, the YWCA, the Boy Scouts, and the Girl Scouts. According to foundation historian Nancy Klinghoffer, until IRS regulations forced a change in 1972, the Pew Memorial Foundation gave all its donations anonymously, due to "the founders' deep religious conviction that true charity should be a private matter between God and the human conscience."

The J. Howard Pew Freedom Trust, established in 1957, was, according to the charter Pew wrote, designed to "acquaint the American people with the evils of bureaucracy and the vital need to maintain and preserve a limited form of government in the United States... to point out the dangerous consequences that result from an exchange of our priceless American heritage of freedom and self-determination, for the false promises of Socialism and a planned economy."

Among the organizations receiving substantial aid from the Freedom Trust were the American Enterprise Institute and the Hoover Institution. Pew was also an early backer of the Foundation for Economic Education, a pioneering free-market organization; he served on FEE's board from 1950 until his death. Grove City College, from which Pew graduated in 1900, also received substantial Pew contributions.

Christian organizations also received generous grants from the Freedom Trust. Pew was an early backer of the Billy Graham crusades; Graham, in turn, delivered the eulogy at Pew's funeral. Pew was also an early supporter of *Christianity Today*, and was present when that publication was launched at a banquet in 1957. (Also present at the banquet was John D. Rockefeller Jr., though it's not clear how much money he contributed.)

When Pew died in 1971, over 90 percent of his $100 million fortune went to charity. But those students at Jefferson Medical College who heard J. Howard Pew speak to them in 1952 could have predicted that this was what Pew would do with his fortune.

In the speech, Pew explained that the Soviet Union and its satellites nationalized most charities when those nations turned Communist. "In England, where economic planning and government controls have not been quite so severe as they have been behind the Iron Curtain, most charities were eliminated when the government socialized the welfare systems.

"What of the future? Charity, a work of love, can exist only when it is free. It is freedom that has effected the miracle of America—intellectual freedom, religious freedom, political freedom, industrial freedom, freedom to dream, to think, to experiment, to invent, to match wits in friendly competition, freedom to be an individual. That is our great American heritage. But freedom is indivisible. Thus if we should lose any one of our freedoms, all the rest would certainly fall."

For Further Reading

There are no full-length biographies of J. Howard Pew or other Pew family members. J. Howard Pew's writings, however, have been collected in an anthology edited by Mary Sennholz, *Faith and Freedom* (1975), which includes some biographical information. August W. Giebelhaus's *Business and Government in the Oil Industry* (1980), a history of Sun Oil, has some information about J. Howard Pew's tenure as Sun Oil president. Among the better journalistic portraits of the Pew family are "Sun Oil," *Fortune*, February 1941, Dan Rottenberg, "The Sun Gods," *Philadelphia Magazine*, November 1975, a two-part series by Lucinda Fleeson in the April 26 and 27, 1992, *Philadelphia Inquirer*, Jack Willoughby, "Putting on Heirs," *Institutional Investor*, March 1997 and Lee Edwards's *Freedom's College*, 2000.

J. Paul Getty

(1892-1976)

Study the lives of the great philanthropists, and you'll find that one problem they all had was how to deal with their wealth. Some struggled to maintain the virtues of their impoverished childhoods even as they became business tycoons. John D. Rockefeller Sr. strived to teach his son the virtues of thrift and delayed gratification, even as he became the wealthiest man in America. Henry Ford spent much of his last years trying to collect for Greenfield Village relics of a rural America that had vanished largely because of Ford Motor's Model T's and Model A's.

Other philanthropists, including Andrew Carnegie and William Simon, enjoyed being patrons of ideas; Carnegie's wealth introduced him to some of the smartest men in America—and led to many pleasurable hours arguing about books and ideas.

But J. Paul Getty, by all accounts, delighted in the sheer pleasure of being rich. After World War II, he recalled in his engaging memoirs, *My Life and Fortunes* (1963), he learned "several valuable lessons, which, I believe, would be equally valuable to any American businessman. When I drove, as I frequently did, my car, a long, shiny Cadillac, the classic symbol of 'capitalist wealth,' marked me as an American and a rich one. When I traveled by train, the ordinary people in the cities and towns in which I stopped recognized me as an American and, generally, for one reason or another, saw or sensed that I was wealthy."

Getty was also quite eccentric. He was not only a playboy, whose five sons had four different mothers, but ended his career as a columnist for *Playboy*. He was a lively and charming writer, whose many books were all about his life. According to biographer John Pearson, Getty carried with him a small sepia photograph of his sister, Gertrude Getty, who died of typhus in 1890, two years before Getty was born. And according to his best biographer, Russell Miller, to the end of his life Getty's last act before bedtime was to calculate his earning and spending in two columns—one for “Income” and one for “Expenditure.” Even as he became a billionaire, Getty would calculate all his expenses—for items such as newspapers, bus fare, lunch, and haircuts. “In this way comforted and convinced of his solvency,” Miller writes, “Getty went to sleep.”

J. Paul Getty was born in Minneapolis in 1892, the son of George Paul Getty, a lawyer, and Sarah Getty. (His first name was Jean, to add a touch of European sophistication to his Midwestern roots.) In 1903 George Getty went on business to Bartlesville, Oklahoma and learned that an oil boom was about to take off. Getty quickly incorporated Minnehoma Oil and spent the rest of his life as an oil entrepreneur.

By 1908, George Getty was a millionaire, and was easily able to send his son to Oxford University, where J. Paul Getty acquired an Anglophilia he never lost. (In 1958, J. Paul Getty settled in England, where he remained until his death.)

Getty spent most of his career creating or acquiring a bewildering array of companies. There were at least twenty of them, including Getty Oil, Tide Water Oil, Skelly Oil, Pacific Western Oil, and Getty Realty. Most were oil-related companies, although Getty also owned Spartan Aircraft, an important supplier of airplane parts during World War II (which converted into a mobile-home manufacturer after the war). As a sideline, Getty also owned two hotels, most famously the Hotel Pierre in New York City.

His biggest and most successful gamble came in the early 1950s when Getty acquired the Saudi Arabian rights to drill for oil in the Neutral Zone, an area jointly owned by Saudi Arabia and Kuwait. (Another company owned the Kuwaiti rights.) After spending about $12 million between 1950–1953, Getty’s company, Pacific Western, finally struck oil—in such vast quantities that *Fortune*, in a 1957 article, proclaimed him a billionaire. This in turn led Getty to joke that “a billion isn’t what it used to be.”

While Getty was building a fortune, he began to collect art. In his book *The Joy of Collecting*, Getty explained that his first purchases were made during a business trip he made with his parents to China and Japan in 1912. As souvenirs, he brought back “two Chinese bronzes and some pieces of carved ivory”—which he subsequently claimed cost no more than $50.

But it wasn’t until the 1930s that Getty came to be a fervent collector. He decided early that, in contrast to William Randolph Hearst, “who literally collected everything from prehistoric figurines and Old Masters to castles and their entire contents,” he would only collect in a few categories that he liked: “Greek and Roman marbles and bronzes, Renaissance paintings, 16th century Persian carpets; Savonnerie carpets and 18th century French furniture and tapestries.”

Getty did, however, make many exceptions to his rule. He owned some Impressionists, some 18th century British paintings, one painting by Auguste Renoir, and a few paintings by Degas. But nearly all the art Getty acquired was in one of the five categories that were his preferred specialties.

Getty was particularly proud of his collection of classical Roman and Greek sculpture. He owned three of the “Elgin Marbles,” sculptures taken from Greece in the early 19th century and kept in the Elgin family.

But of all his sculptures, Getty’s personal favorite was a statue known as “the Lansdowne Herakles.” The statue was created in the first century A.D., and was a favorite of the Emperor Hadrian. In 1790, the statue was unearthed in the ruins of Hadrian’s villa, and two years later was sold to the Marquis of Lansdowne. It remained in the Lansdowne family until the early 1930s, when Getty purchased it for £6,600 (outbidding John D. Rockefeller Jr. who was buying other parts of the Lansdowne collection).

Getty loved the Lansdowne Herakles, which he saw as a touchstone to the past. Indeed, at least two Getty biographers claim that by owning the statue, Getty thought he was the Emperor Hadrian reincarnated. But it’s also clear that the ancient world was Getty’s favorite period in history, and he hoped that other Americans would see his art and learn to love the past.

“In learning about ancient Greek and Roman art,” Getty wrote in *The Joy of Collecting*, “one cannot help but also learn about the civilizations and the people who produced the art. This will unquestionably serve to broaden the individual’s intellectual horizons and, by increasing his knowledge and understanding of past civilizations, greatly aid him in knowing and understanding his own.”

So it’s little wonder that, when Getty decided to build a permanent museum for his collection, he decided to replicate the Villa del Papyri, the ancient Roman mansion of Calpurnius Piso that was buried when Mt. Vesuvius exploded in 79 AD. Getty had opened the first version of the museum in 1953, but the museum was located in one wing of his Malibu, California mansion, and was only open for two days a week. As Getty's collection grew, a more permanent facility was needed.

Getty began designing the museum in 1968 by hiring Stephen Garrett, a British architect who had previously renovated some properties Getty owned in Italy. Although he remained in England while construction began, Getty was involved in every aspect of the museum's construction, following progress on a scale model of the project. Getty also approved all expenditures Garrett made, once loudly denouncing him for spending $17 on an electric pencil sharpener without authorization.

Not all the features of a Roman villa could be transplanted to California. Getty insisted that the eucalyptus trees on the estate be preserved, and California regulators ruled that the reflecting pool on the museum could be no deeper than eighteen inches—unless the museum wished to hire a lifeguard.

An unexpected, last-minute obstacle emerged when Jeane Dixon, a famed clairvoyant of the era, wrote to Getty foreseeing that "many of your finest paintings will be lost or destroyed by a natural disaster in or near Malibu." She predicted that disaster would only be prevented if Getty moved his collection to Houston.

Getty ignored Dixon's warnings, and the Getty Museum opened to the public in 1974. Getty, at the time 82 and ailing, was unable to make the trip, but he sent a short film, telling visitors that they should imagine they were ancient Romans sauntering through a friend's villa.

Two years later, Getty died. He left most of his wealth to his museum. After a nine-year probate fight, which also included the sale of Getty Oil to Texaco in 1984 for $10 billion, the J. Paul Getty Museum emerged as the largest privately-endowed museum in the world.

For Further Reading

J. Paul Getty's works are all very readable. His autobiography, *My Life and Fortunes* (1963) remains his best work, but insights into his taste in art can also be found in *The Joy of Collecting* (1965) and *The Golden Age* (1965). Getty's life, filled with plenty of sex, wealth, and sordid family quarrels, has attracted plenty of biographers, including John Pearson's *Painfully Rich* (1995), which is solely devoted to Getty's many heirs.

Of the Getty biographies, the best are *The House of Getty*, by Russell Miller (1986), and *The Great Getty*, by Robert Lenzner (1987). *Getty on Getty*, by Somerset de Chair (1989) is also important, as it transcribes lengthy interviews de Chair conducted with Getty in 1973.

Joseph J. Jacobs

(b. 1916)

I believe that, after the first generation, inherited wealth loses the spirit and the values of the people who earned that wealth. There comes a disconnection between the funds and the source of the funds (whether using it for personal comfort or giving it away to satisfy either guilt or a need to be loved). The culture of those in charge becomes not too dissimilar from the culture of the government bureaucracies who dispense funds confiscated from the taxpayers.

—Joseph J. Jacobs, *The Compassionate Conservative*

Joseph J. Jacobs is a philanthropist in the tradition of Andrew Carnegie. He created the Jacobs Engineering Group, a giant construction firm that handles engineering projects around the world. But he is also passionate about ideas. His book *The Compassionate Conservative*, for which I did some background research, is one of the more interesting looks at philanthropy written by a practicing philanthropist.

Jacobs was born in Brooklyn, New York, the son of a Lebanese immigrant. In his autobiography, *The Anatomy of an Entrepreneur* (1991), Jacobs explains that his family's heritage inspired him to create his own enterprise. "Vivid in my memory is the question asked by one Lebanese of another meeting for the first time: 'What business are you in?' Never, 'Who do you work for?' or 'What is your trade?'.... The cultural thrust made 'being in business for yourself' the basis of immense drive among our people and me."

According to Jacobs, he first expressed his desire to be an engineer in high school, when a chemistry teacher inspired him to study chemical engineering. Jacobs attended Brooklyn Polytechnic where he earned a bachelor's degree in 1937 and a doctorate in chemical engineering in 1942. Four days after receiving a Ph.D., he married Violet Jabara, to whom he remains married. (In 2000, Jacobs donated $20 million to Brooklyn Polytechnic to endow the Joseph J. and Violet J. Jacobs Building, a new athletic facility scheduled to be completed in 2001.)

Bad eyesight kept Jacobs out of the military during World War II. He spent the war working for several large firms, most notably Merck, where he helped develop penicillin and DDT. In one of his experiments on DDT, after spending 48 hours on the job, a valve was accidentally opened, ensuring that "I was completely covered with hot DDT in a solvent. When it dried, I had DDT an inch thick all over me—in my ears, and in my mouth and nose. I took off my clothes, showered and scrubbed, but probably ingested more DDT during that one incident than is today considered safe to absorb over many years."

After the war, Jacobs set out on his own. He began working for himself in 1947. Business at first grew slowly, but in 1956, he received his first large contract—to build a plant for Kaiser Aluminum. This allowed him to incorporate his business as Jacobs Engineering in 1957. Today, his multi-billion-dollar enterprise builds factories around the world. Jacobs describes his firm's corporate culture as "pride without arrogance, professionalism without being hidebound, integrity without self-righteousness, and daring without foolishness."

From 1970 onward, Jacobs began to think about philanthropy. In a 1997 article in *Philanthropy*, he explained that in the early 1970s, after Jacobs Engineering went public, "our daughters were startled to find that our net worth was considerably higher than they imagined." He explained that he wanted to leave them enough money for "an independent life" and that he planned to give away most of his fortune. "We didn't want to deprive them of the fun and pride of making their own careers, unaided by parental wealth. In America, our cultural paradigm is less and less to create a family dynasty and indeed the business heroes of today are the entrepreneurs, not those who have inherited old wealth."

The Jacobs Family Foundation, created in 1989, is designed to be the joint philanthropic project of the Jacobs family. The foundation will spend itself out sometime between 2013 and 2028, after the death of Valerie Jacobs, Margaret Jacobs, and Linda Jacobs. Since the foundation is planning to invest in projects that will continue for decades, "we could not predict the precise date in which we would run out of money. If we use a single

date, there was the danger of being forced to make a substantial contribution to some cause, and that would not be desirable." Jacobs adds that his family "understands the nature of the sunset provision and we felt that our daughters should decide when it makes sense to wind up the disposition of 'our' money."

Jacobs has spent considerable time thinking about how to give away his fortune and about the broader issue of the nature of compassion. His views about false and true compassion are expressed in his book *The Compassionate Conservative*.

Jacobs, who calls himself a "Jeffersonian conservative," argues that conservatives must reclaim the term "compassion" from liberals. "It is this assumption that they have a special capacity for compassion that defines the liberal," he writes. "Having made that assumption, then by their definition, those they deem to have less compassion are defined as conservatives. Were we able to convince them that we have compassion equal to theirs, it would shake the very roots of the liberal ethic."

Jacobs outlines his vision of compassion in "The Compassionate Conservative's Credo." Several elements concern charity:

- While liberals pay lip service to "self-esteem," their programs often breed dependency, and we shall avoid that trap. We will devise programs which always encompass an element of risk, for only by succeeding when there is a risk of failure can self-respect be earned.

- Most people in need of help have a mixture of feelings of dependency and the impulse to be independent and free. We believe that the number of totally dependent people is much smaller than the dependency of liberal compassion.

- Our programs will provide maximum rewards, both psychological and material, to those who strive for independence. We will recruit a vast number of disadvantaged to learn the benefits of the free market system.

- Because we have seen how well-motivated compassion can become corrosive, we are more cautious and tentative in our prescription, knowing there can be unforeseen secondary effects. We seek nothing less than "empowerment" of the people.

The Jacobs Family Foundation is unusual in that Jacobs is a conservative and his children are liberals. The project funds ventures in which both generations can agree. According to Jacobs's son-in-law, Norman Hapke, the foundation's goal is to advance "liberal goals with conservative means… sensible goals that are an amalgam of what both sides want. We cross the boundary between political labels."

The Jacobs family agreed that the foundation should have two goals: "a belief in self-determination.... Respect for the worth of people must be a guiding principle of philanthropy" and "a belief in the code of the entrepreneur—taking informed risk. The foundation wants to discover the risk-takers who will provide the energy for innovation."

To accomplish these goals, the foundation in 1995 created the Jacobs Center for Nonprofit Innovation, designed to help nonprofits become more productive and innovative. It also created the Jacobs Team, a group of nonprofit organizers who work with nonprofits that seek to improve themselves. "Our investigation of nonprofits in search of funding," Norman Hapke once said, "made us realize that many of them had good ideas but lacked business and management skills."

Jacobs's current major philanthropic project is the creation of Market Creek Plaza, a shopping center located in a Hispanic section of San Diego, that's scheduled to open late in 2000. The Jacobs Family Foundation and the Jacobs Center for Nonprofit Innovation are investing in the shopping center, and plan to use the revenue from rents for charitable enterprises. The center will add approximately 1,000 jobs to a poverty-stricken community.

"We are doing this to upgrade that community," Jacobs recently told Intellectualcapital.com. "They are learning that the free-market system involves risk. They are also beginning to realize that taking such risks has the potential for rewards."

"Conservatives beware," Jacobs adds in a recent column. "Converting many of the urban poor into risk-taking entrepreneurs is a tough job. But we must try."

For Further Reading

Jacobs has written two books: *The Anatomy of an Entrepreneur* (1991) and *The Compassionate Conservative* (1996; revised, 1999). Both provide insights into Jacobs's views about philanthropy. Jacobs has also written several articles for *Philanthropy*, of which the most important appeared in the Spring 1995 and Fall 1997 issues. Jacobs is a columnist for Frontpagemag.com; many of these columns are about philanthropy.

Excerpt from *The Compassionate Conservative*

Joseph Jacobs's The Compassionate Conservative *(1996) is a philosophical manifesto calling for conservatives to be compassionate in all sorts of public policy issues, including education and the environment. In the conclusion, Jacobs discusses what happened when his entrepreneurial energies turned to philanthropy.*

Our foundation started out in the conventional way, advertising our guidelines and receiving grant proposals, which quickly grew to a flood. Then the intense discussions started as each worthy proposal appealed to us in different ways.

The first few years were troubling. As the grant requests came pouring in, we all were uncomfortable at "playing God." Virtually all of the proposals were meritorious, they were compassionate, and they had social value. But, we had to choose. I confess that I did not lose the opportunity to pontificate on the free-market system and the ever present need for choice. We had "limited resources," thus requiring discrimination. In choosing which proposals to support, we had to reject many more programs, also of great merit. We endorsed "winners," and thus we created "losers." For compassionate people, it was troubling.

The other undesirable side effect was the creation of dependency. We in the philanthropy "business" felt like, and were often regarded as, the "automatic teller machine." Grant requests came back year after year for the annual financial "fix." From our standpoint, there was not much emotional reward feeding a bottomless pit.... We also found that many of the staff of agencies charged with helping the underprivileged were subconsciously supporting their own emotional needs to be loved and admired by their "clients"—or worse, exploiting their sense of power over them....

The doctrinaire liberal view is that the free market system is in itself a necessary evil. My view is that earning one's way is an important source of pride, and that should be our mission. So, another role we decided to adopt in our foundation was that of "teacher"—not a surprising one for the Jacobs family to stress. Fundamentally, the greatest source of pride, and the related self-esteem, is to take risk and court failure, then to overcome the possibility of failure—to succeed....

In dealing with various nonprofits, we were struck by how rarely their methodology takes into account the dignity of the people they serve. Aphorisms abound: "Give a hand-up, not a hand-out," "Teach a person to fish and he will feed himself," etc. etc. Yet, how rare are the nonprofits that actually implement these ideas.

Take the "teach to fish" aphorism. What does that really say? Instead of supplying a person a fish to eat every day, you teach him to fish. But, isn't that telling him to take a risk—a risk that he will not catch a fish? You express faith in him when you assume that he will learn to fish and feed himself instead of taking a handout from you....

Another part of our foundation is our "venture fund," which seeks to help the "start-up" of social services organizations. One may properly ask, "Aren't there enough agencies around which serve the disadvantaged community? Do you need to create new ones?" That is a problem we discussed

in detail. We finally concluded that trying to remake the culture of existing agencies can be very difficult, and that we might better help new groups with creative leadership models. We thought that if we could be in on the formation of a new nonprofit, we could shape it and establish an operational process that hopefully would foster dignity for those being helped....

I cannot shed my entrepreneurial persona. I sense a market need. With $86 billion in 33,000 family foundations, an enormous amount of money may be being invested in charities or nonprofits with imperfect processes. If the clear cut objective of philanthropy is to help people to be independent, to have self-esteem, to beam with pride—in short, to accept that they are deserving of human dignity—there must be a radical change in methodology.

If we can develop methods for enhancing and measuring the value of philanthropic dollars in cultivating self-esteem and human dignity, we will perhaps reach the goals of the "compassionate conservative."

Are we arrogant in assuming that we can even make a dent in the face of traditional philanthropy? Absolutely! We know it, and we recognize that we are much more likely to fail in the mission we have chosen, than to succeed. But it will be fun trying.

William E. Simon

(1927-2000)

Ideas are weapons—indeed, the only weapons with which other ideas can be fought.... If one does not combat ideas with ideas, one is reduced to combating them with force. And that is both a confession of intellectual failure and a violation of the constitutional rights of the opposition. If we are to fight the "New Despotism" effectively and respect the very individual liberty for which we are fighting, we can only do it by building up the influence of the counterintelligentsia whose views, if known, would command a respectful hearing in the marketplace of ideas.

—William E. Simon, *A Time for Truth* (1978)

William E. Simon (1927–2000) was the leading fighter for liberty in 20th century American philanthropy. Many other philanthropists (Andrew Carnegie, J. Howard Pew, Andrew Mellon) supported limited government and traditional virtues. But William E. Simon put his faith in free markets at a crucial time—the late 1970s, when inflation, the energy crisis, and Soviet expansionism ensured that the American economy was in its gravest danger since the Great Depression. His grants—and his ideas—helped pave the way for the conservative counter-revolution that took place in America in the 1980s and 1990s.

Simon was born in Paterson, New Jersey in 1927. After two years of military service from 1946–1948, he attended Lafayette College, from which he graduated in 1951. He then began a career as an investment banker and bond buyer, first for Union Securities, then with Weeden and Company, and, after 1964, with Salomon Brothers. By 1972, according to the *New York Times*, he was making between $2 million and $3 million a year.

But when Treasury Secretary George Shultz asked Simon to join the Nixon Administration, he accepted immediately. In January 1973, Simon became Deputy Treasury Secretary. Eleven months later, Simon added a second title—director of the Federal Energy Office, more commonly known as the national "energy czar." In February 1974, Simon became Treasury Secretary, a position he maintained until the end of the Ford Administration in 1977.

These were some of the darkest times for the U.S. economy since the Great Depression; the 1972–1974 slump was the worst since the 1930s. But Simon did all he could to help the economy right its course. His greatest achievement came in 1975, when New York City defaulted on its loans. City politicians went to Washington begging for money, but Simon refused to help them until the city made efforts to trim its bloated bureaucracy. "I would urge that the financial terms of assistance" for federal aid to Manhattan, Simon told Congress, "be made so punitive, the overall experience so painful, that no city, no political subdivision, would ever be tempted to go down the same road."

Simon was hysterically denounced by the press for his courageous decision—the *New York Post*'s headline for Simon's testimony read SIMON ON U.S. AID—MAKE CITY SUFFER—but his tough decision was the right one. Eventually, New York began to take the painful but necessary budget cuts necessary to restore financial health after decades of reckless spending.

In 1977, Simon returned to the financial world. But he also realized that it was time to combat the ideas that dominated American life at that time, ideas that ensured steadily expanding government at home and unfettered Soviet expansion overseas. A few months after leaving office he met industrialist John M. Olin, and after lengthy conversations with him became president of the John M. Olin Foundation, a position he held until his death.

"I agreed to head the John M. Olin Foundation," Simon wrote in 1978, " because I learned in conversations with Mr. Olin that he and his associates shared utterly my own views regarding the virtues of the free enterprise system and the traditional American values of individual political freedom and the responsibility which it represents."

Simon shortly thereafter produced the first of his two books, *A Time for Truth*. In one chapter, he called on businesses to stop giving money to anti-capitalist organizations. Far too often, Simon wrote, businesses "seek

to protect their enterprises by endorsing the very values of their worst enemies and financing their causes. If American business consciously wished to devise a formula for self-destruction, it could not do better than this. This is appeasement on a breathtaking scale."

Far better, Simon argued, for corporations to launch "a massive and unprecedented mobilization of the moral, intellectual and financial resources" needed to support freedom. "Foundations imbued with the philosophy of freedom," he added, "must take pains to funnel desperately needed funds to scholars, social scientists, writers, and journalists who understand the relationship between political and economic liberty and whose work will supplement and inspire and enhance the understanding and the work of others still to come."

One philanthropist who was inspired by Simon's book was Catherine T. MacArthur, widow of insurance and real estate magnate John D. MacArthur. In 1978, MacArthur invited Simon to join the board of the newly formed John D. and Catherine T. MacArthur Foundation. Simon quickly fell afoul of MacArthur's quarrelsome son, J. Roderick MacArthur, who forced Simon's resignation by 1980. "We had a wonderful president, John Corbally," Simon recalled in a 2000 interview, "but despite his best efforts, he was unable to bring order to the board. And as a result, the MacArthur Foundation lost its ability to do what its founder wanted it to do."

Simon alternated in the 1980s between philanthropy and investment banking. With Raymond E. Saunders, he founded Wesray Capital in 1981. Simon and Saunders made two spectacular deals. In 1982, they purchased Gibson Greetings from RCA for $80.5 million. A year later, they took the company public for $300 million, earning each man a $70 million profit. "By demonstrating that investors could make vast fortunes by acquiring divisions of large conglomerates and enhancing their efficiency," the *Wall Street Journal* reported in 1995, "Wesray helped alter the basic ground rules of American business. It also made Mr. Simon fabulously wealthy." In 1988, Simon used the wealth he created to start William E. Simon and Sons, an investment bank that survives him.

As John M. Olin Foundation president, Simon saw to it that the foundation gave grants to nearly every major conservative or libertarian think tank in the 1980s and 1990s, as well as scores of Olin scholars at major universities both in the United States and abroad.

Simon continued his support of pro-free-market organizations until the end of his life. "Today there is a far greater appreciation for markets and the benefits of the free enterprise system," he told an interviewer shortly before his death. "It's clear to me that the work of the John M. Olin Foundation and the scholars, writers, and thinkers we have supported are at least partially responsible for the change."

Simon was also interested in less political forms of giving. He remained an active member of the U.S. Olympic Committee. In 1980, Simon became president of the Committee, and remained president until after the 1984 Olympics, the only games ever to turn a profit. Simon used the profits from the 1984 games to endow funds that continue to aid Olympic athletes today.

In the 1990s, Simon became more interested in matters of his Catholic faith, which was energized after a visit to Lourdes in 1992. Working through the Knights of Malta, a Catholic charitable order, Simon began visiting patients in Catholic hospitals to deliver the Eucharist. At times, Simon administered the Eucharist to as many as 30 dying patients a day. "Writing checks for charities is necessary and important," Simon told the *Chronicle of Philanthropy* in 1998, "but it can't compare with corporal acts of mercy, which are infinitely greater. My Eucharistic ministry is the most important thing that I do or have ever done."

"Receiving an impersonal check cannot compare in importance to personal acts of charity," Simon said in a 1999 speech to Pepperdine University. "The sight of a human face willing to smile and a human voice lifted up in prayer on behalf of someone in need—such gifts are of incomparable value. So yes—it's good to donate money for a new hospital—absolutely. But even better is walking into that hospital after it's built and praying with a cancer patient."

In the late 1990s, Simon began to transfer his fortune to the William E. Simon Foundation, which is scheduled to receive approximately $500 million from Simon's estate. But the William E. Simon Foundation is not a perpetuity; it's scheduled to spend itself out of existence after the death of Simon's children (who, in order to retain their seats on the board, have to perform 150 hours of volunteer work each year).

FOR FURTHER READING

William E. Simon best expressed his views about philanthropy in his first book, *A Time for Truth* (1978). His second book, *A Time for Action* (1980), is shorter, more topical, and more dated than the first. Simon gave many interviews; the best (and last) is in the January-February 2000 issue of *Philanthropy*. Other important interviews given by Simon are in the September-October 1983 *Foundation News* and the September-October 1991 *Religion & Liberty*. Grant Williams gives the most thorough account of the William E. Simon Foundation and Simon's personal giving in the June 18, 1998, *Chronicle of Philanthropy*.

EXCERPT FROM *A TIME FOR TRUTH*

William E. Simon concludes his A Time for Truth, *first published in 1978, with a call for his readers to join "a courageous group of businessmen who have decided to fight for our free enterprise system." In this excerpt, Simon describes practices he believed market-oriented donors ought to follow in their giving. Simon also used these principles as a basis for much of the John N. Olin Foundation's grantmaking in the 1980s and 1990s.*

What this means is nothing less than a massive and unprecedented mobilization of the moral, intellectual, and financial resources which reside in those who still have faith in the human individual, who believe in his right to maximum responsible liberty and who are concerned that our traditional free enterprise system, which offers the greatest scope for the exercise of our freedom, is in dire and perhaps ultimate peril....

What, then, will this crusade or this mobilization involve?

1. Funds generated by business (by which I mean profits, funds in business foundations and contributions from individual businessmen) must rush by multimillions to the aid of liberty, in the many places where it is beleaguered.

Foundations imbued with the philosophy of freedom (rather than encharged with experimental dabbling in socialist utopian ideas or the funding of outright revolution) must take pains to funnel desperately needed funds to scholars, social scientists, writers, and journalists who understand the relationship between political and economic liberty and whose work will supplement and inspire and enhance the understanding and the work of others still to come. This philanthropy must not capitulate to soft-minded pleas for the support of "dissent." Indeed, it is the economics and the philosophy of capitalism which represent "dissent"—dissent from a dominant socialist-statist-collectivist orthodoxy which prevails in much of the media, in most of our large universities, among many of our politicians and, tragically, among not a few of our top business executives.

Those capitalists who, in the interests of "fairness," have financed the intellectual opposition have seen their foundations literally taken over. The textbook case of such infiltration was dramatized recently when Henry Ford II resigned from the Ford Foundation. I called Mr. Ford on reading of this in the newspapers and asked him to explain how this had happened. He answered, "I tried for 30 years to change it from within but couldn't." Of course he couldn't, not after he allowed the Ford Foundation to become a veritable fortress of the philosophical opposition. One does not work from 'within' the egalitarian world to change it; one can only work from without—and this absurd financing of one's philosophical enemies must not be tolerated in the new foundations. On the contrary, they must explicitly serve as intellectual refuges for the non-egalitarian scholars and writers in our society who today work largely alone in the face of overwhelming indifference or hostility. They must be given grants, grants, and more grants in return for books, books, and more books. This philosophical restriction placed on the beneficiaries of the new foundations will not result in a uniformity of intellectual product. There is an enormous diversity of viewpoints

within the center-to-right intellectual world which endorses capitalism. The point is simply to make sure that the thinkers on that broad band of the American spectrum are given the means to compete in the free market of ideas. Today they constitute an impoverished underground.

2. Business must cease the mindless subsidizing of colleges and universities whose departments of economics, government, politics, and history are hostile to capitalism and whose faculties will not hire scholars whose views are otherwise....

3. Finally, business money must flow away from the media which serve as megaphones for anticapitalist opinion and to media which are either pro-freedom or, if not necessarily "pro-business," at least professionally capable of a fair and accurate treatment of procapitalist ideas, values, and arguments....

These are the three fronts on which we must act aggressively if we are to create a sophisticated counter-force to the rising despotism.... I know of nothing more crucial than to come to the aid of the intellectuals and writers who are fighting on my side. And I strongly recommend that any businessman with the slightest impulse for survival go and do likewise. The alliance between the theorists and men of action in the capitalist world is long overdue in America. It must become a veritable crusade if we are to survive in freedom.

About the Author

Martin Morse Wooster is an associate editor of *The American Enterprise,* a visiting fellow at the Capitial Research Center, the education book reviewer at *The Washington Times,* and a contributing editor for *Philanthropy*, *Reason*, and *Strategy + Business*. He is the author of *Angry Classrooms,Vacant Minds* (1994), *The Great Philanthropists and the Problem of Donor Intent* (1994; revised, 1998), *Should Foundations Live Forever?* (1998) and *Return to Charity?* (2000).

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The Philanthropy Roundtable

The Philanthropy Roundtable is a national association of donors. It was founded in 1987 as a vehicle for donors to exchange ideas and information about what works—and what doesn't—in philanthropy. Its programs are devoted to the exploration of effective giving strategies that promote well-being through individual liberty, personal responsibility, and self-reliance.

The Roundtable seeks to enhance private philanthropy by encouraging appreciation of the voluntary market system that makes philanthropy possible and by stressing the importance of the donor's vision and intent. Its work is motivated by the tremendous potential for private initiative to address society's most pressing needs.

Individual donors, corporate giving representatives, foundation staff and trustees, and trust and estate officers may become Roundtable Associates. In particular, the Roundtable welcomes members of small foundations, family foundations, and individual donors for whom philanthropy is a serious avocation.

Suggested annual contributions for Roundtable Associates begin as low as $250 for individual donors and $500 for corporations and foundations. The Philanthropy Roundtable also solicits grants for general operating purposes and for special projects.

Programs, Publications, and Services Available to Associates

Philanthropy: Associates receive a subscription to the Roundtable's magazine, which explores the issues of greatest concern to grantmakers and welcomes articles by donors and others about new ideas and developments in philanthropy.

The Annual National Meeting: Associates are eligible for discounted registration fees for the Roundtable's annual meeting, which focuses each year on a theme of central importance to philanthropy. Donors gather from around the country for this three-day conference, which also includes sessions on practical matters of concern to donors.

Regional Meetings: Associates receive invitations to attend all regional meetings of the Roundtable, bringing donors together in cities around the country to discuss issues of common concern and to develop strategies to address them.

Publications: Associates receive free or discounted copies of guidebooks, studies, and other special publications of the Roundtable.

Consulting and Referral Services: Consulting and referral services are available for Associates seeking advice on establishing, restructuring, or managing giving programs, as well as those seeking guidance on tax, legal, and other matters.

OTHER ROUNDTABLE PUBLICATIONS

Starting a Private Foundation (by Paul K. Rhoads and Stephanie Denby). This publication provides guidance to individuals who are considering setting up a private foundation, as well as individuals in a position to reevaluate and amend the instruments that govern their existing foundations. The authors emphasize the need for philanthropists to make sure their goals and vision are reflected throughout their foundations' governing instruments.

Managing a Private Foundation (by Paul K. Rhoads). This thoroughly researched guidebook covers practical issues confronting foundation trustees and staff. Mr. Rhoads provides guidance on foundation planning, trustee organization, staff, trustee meetings, oversight of investment management, grants management, and trustees' legal responsibilities and liabilities.

Questions to Ask Before You Write the Check (introduction by Dr. Marvin Olasky). It can be as difficult to give away money effectively as it is to earn it in the first place. In this much-needed guidebook, five experts pose the questions to ask *before* you give. Essays are organized by the type of giving: social services, higher education, the arts, and health care.

Evaluating for Success Wise donors know that charitable giving needs to be judged by its results and not just by good intentions. Yet for decades, philanthropic evaluations have tended to collect "body count" *input* measures such as number of meals served, blankets given away, or staff hours worked. With the advent of more results-oriented philanthropy, donors are increasingly looking into more meaningful measures of *outcomes*. This latest release in the Effective Donor series relays the practical advice of four experts on how donors can evaluate those outcomes in the programs they fund, with special emphasis on evaluating job training and school choice programs.

Death, Taxes, and the Independent Sector (by Hudson Institute Director of Economic Research Alan Reynolds). Reynolds examines the size and scope of the so-called "independent sector" and challenges the conventional thinking in philanthropy by asserting that traditional measures of the "independent sector" have overstated both its size and its charitable function. Reynolds also maintains that higher taxes hurt charitable giving by reducing family incomes and discouraging asset accumulation.

Should Foundations Exist in Perpetuity? (by Heather Higgins and Michael Joyce, of the Randolph Foundation and the Lynde and Harry Bradley Foundation, respectively). Higgins argues for foundation sunset laws. Joyce counters that under the right conditions, foundations can be trusted to carry out the wishes of their founders.

Discovering Charity (by Gaylord Swim, of the ALS Foundation). Swim articulates his understanding of charity and explains how that understanding has both shaped and been shaped by his grantmaking.

Donor Intent (by Robert H. Bork and Waldemar Nielsen). Two essays variously discuss the parallels between constitutional interpretation and the interpretation of donors' intentions, and the question of how best to enforce donor intent.

The Market Foundations of Philanthropy (by Richard B. McKenzie). This essay demonstrates the critical role that an entrepreneurial economy plays in creating the conditions necessary for effective philanthropy.

The Promise of Community: Strengthening Civil Society (by Paul Heyne). This guide makes the case for placing responsibility for social problems with local communities.

The Promise of Community: Local Voluntary Organizations as Problem-Solvers (by James L. Payne). This Roundtable publication articulates voluntary organizations' unique role at the local level and how foundations can help them.