

## **PHILANTHROPY IN EDUCATIONAL FOUNDATIONS: CONSCIENCE OF THE PUBLIC GOOD OR INSTRUMENT OF CONTROL? ILLUSTRATIONS FROM RECENT WORLD HISTORY**

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*“...you are that the centre of something like Well’s open conspiracy, a freemasonry of free workers, who understand both one another and the common purpose, and so can cooperate with a minimum of organization.” - Fred Clarke to F.P. Keppel, President of Carnegie Corporation<sup>2</sup>*

Corporate philanthropy is a uniquely American phenomenon that grew from specific social and economic circumstances at the end of the 19th century. The impact of both major foundations and less well known philanthropies has been enormous in the field of Education, both domestically and internationally. This paper sketches out the relationship between philanthropy’s domestic and international involvements in Race Relations and Education, outlining how this involvement makes the philanthropic enterprise an important aspect of Historical Foundations of Education.

Corporate organization was relatively new at turn of the century. If as corporate managers argued, the new structure permitted business to generate public capital for expansion, it also permitted the sheltering of wealth and the limiting of personal liability. There was also the question of whether corporate activity and ownership really rested with “the public”, as some claimed.<sup>3</sup> Under Corporate organization the prospect of perpetuating influence and power beyond the single life time was greatly enhanced over conventional forms of ownership. Philanthropic foundations organized along corporate lines were subject to similar criticisms. A United States Senate committee held hearings on the subject in 1915.<sup>4</sup> The Committee did not press for regulation, although concerns were voiced about the potential for those with vast resources to visit subtle political and

social influence on the public through organized giving. By the 1930s the unregulated (and private) nature of foundation activities was a common theme among social critics.<sup>5</sup> In the 1990s similar questions are being raised about philanthropic participation in grass roots social movements. Critics on the left argue that foundation involvement deflects or dilutes grass roots politics while critics on the right argue that such movements are artificial and rely heavily on the bureaucratic organization of foundations themselves.<sup>6</sup> The principles that guide contemporary philanthropy originates in a shift in political theory that began in the late 19th century.

Early 20th century corporatism was intimately linked with a new, more activist theory of government, inspired in part by the need to resolve pressing social problems generated by economic growth and urbanization. Inspiration also came from American social scientists familiar with the new German welfare state and French educational reform. As Jeffry Lustig has written, the new theorists of political economy rejected the tenets of natural law, particularly Social Darwinism and its corollary of absolute freedom of the market place.<sup>7</sup> Social laws were historically derived, it was argued, and shaped by political and social factors. As such, government was an agency which could define and nurture national habits. This rejection of what Lustig terms "the minimalist state", based on the increasingly outmoded notion of least restraint and individual liberty, still recognized the primacy of private capital but reserved the right to regulate monopolies in the interest of preserving natural competition.<sup>8</sup> Moreover some believed that government, led by an elite of civic minded public servants, was required to intervene in other areas as well - in fact wherever such intervention improved "national habits". It was in the area of national habit that philanthropy could augment the efforts of government.

Corporate philanthropy mirrored many of these principles. Such philanthropy was activist, led by social and economic elites of the society, and geared to the pursuit of goals conceived within the existing social order. The new "foundation men", drawn from business,

prestigious universities and government, relying on the new social sciences, presumed to know what society needed. Thus programs aimed at rural blacks, the white working class and indigenous peoples in Africa and elsewhere, were often articulated by individuals closely tied to government. Indeed, the composition of governing boards of foundations have often served as an informal means of coordinating the activities of government, business and philanthropic bodies.<sup>9</sup> Managing race relations has surely been one of these activities.

Until the 1940s foundation support for Race Relations and Educational work was conservative in scope, hesitant in its moral breadth, and entailed relatively small expenditures compared to other types of giving.<sup>10</sup> Most emphasis on black or “Negro Education” as it was formally known, was directed toward developing vocationally oriented education, within an existing social context of segregation, abridged citizenship, and limited economic mobility. The dichotomy between Booker T. Washington, proponent of “Industrial Education” emphasizing vocational skills, good social habits, and acquiescence to white paternalist leadership, and W.E.B. DuBois, advocate of full equality under the law (and Liberal Arts Education), is well known. That foundations, at least in the area of Education, supported the broad formation of “national habits”, providing for limited advancement while recognizing popular conceptions of racial inferiority, is a harsh indictment that stands best for a specific period, say until the mid 1930s. Some lessor known projects of philanthropy, i.e. supporting African and African-American students at institutions like Columbia’s Teachers College, marked the beginnings of a strategic shift in orientation. Critics like DuBois warned that this education was not necessarily for liberation but instead insured that educated blacks would become effective instruments of continuing subordination, both domestically and abroad. Thus the “backwardness” of one’s people was a white man’s burden shifted [experimentally] to black shoulders.<sup>11</sup>

This shifting of burdens was in keeping with the new politics (and social sciences), as Woodrow Wilson, one of its important theorists, established. As Wilson’s writings on the Philippines reflect,

competition not only existed in business but between nations, and indeed, between races.<sup>12</sup> Leaders of an enlightened government like the United States, held an obligation to see that immature races submitted to an apprenticeship in civilization - both at home and abroad. For Wilson popular acquiescence to governance stemmed not from social contract but from historical tradition (habit) underscored by the potential use of force. These views were reflected in the perspective Wilson brought to the mandates question at the Paris Peace Conference (1919).

In Wilson's view, the concept of "Trusteeship" provided the necessary apprenticeship for African peoples, with trustees accountable to the League of Nations.<sup>13</sup> That such arrangements carried no time table or guidelines for economic relations were matters that were conveniently ignored. As one scholar has noted, Trusteeship modernized the rationale for domination and gave imperialists a conscience.<sup>14</sup> If Trusteeship provided the guise for dividing old spoils in new ways, it also helped create an environment favorable for American corporate philanthropy to involve itself in Britain's Empire.<sup>15</sup>

The expansion of American philanthropy into the British Empire occurred in the 1920s. Britain's 19th century policies toward her dependencies, requiring self sustaining economic development, masked an economic crisis which was both circumstantial and structural. Part of the crisis was Whitehall's resistance to rethinking policies which would better meet the changing conditions in the Dominions and Colonies. The failure of the Round Table Movement, a private effort by public men to recast the concept of Empire into an organic whole bound by culture and mutually beneficial economic and defensive ties, underscored the crisis of an imperial order unraveling.

The Round Table Movement, originally conceptualized by Lord Milner, made its headquarters at Chatham House, London, home of the Royal Institute for International Affairs. Through the Institute, Round Tablers established one of the first 20th century think tanks.

The British Round Table stimulated the formation of similar groups throughout the Empire although loyalists found themselves confronted with the growth of nationalism in the Dominions and demands for settler autonomy in the dependencies.<sup>16</sup> The failure of the Round Table coincided with the expansion of American philanthropies into the Empire, in effect, the rest of the “Anglo-Saxon” world.<sup>17</sup>

In the early 1920s the Phelps-Stokes Fund, a New York based philanthropy with experience in Southern Negro Education, sponsored fact finding commissions for East and West Africa. The Commission reports served as a background for the preparation of a Colonial Office White Paper, Education in British Tropical Africa (1925).<sup>18</sup> This White Paper was in some measure a response to the criticisms Britain was receiving about “native progress” in her Colonies. If American foundations offered expertise at little cost, they also brought a theoretical orientation toward racial and educational affairs reflecting their contemporary domestic programs, which were more attuned to conservative southern mores than black advancement. Thomas Jesse Jones, an American “negro education expert”, wrote both Phelps Stokes Reports. In 1917 he had authored Negro Education: A Study of the Private and Higher Schools for Colored People in the United States, advocating vocational rather than liberal arts training for blacks.<sup>19</sup>

The most significant aspect of the American philanthropic involvement in the 1920s and 1930s in Africa was the commitment made to the Union of South Africa. In 1928 Carnegie Corporation set aside \$500,000 for a five year South African program. By 1940 nearly \$900,000 would be spent by the Corporation alone in South Africa, nearly a third more than Carnegie spent in the rest of British Africa over the same period.<sup>20</sup>

South Africa has always occupied a unique place in the American consciousness. In many respect the experiences of the two countries resonate with one another, a fact not lost on those intent on cementing bonds between the two countries. Geography and geology

early on gave South Africa a special strategic importance and affluence, making the Union a First World outpost in Africa. Cooperation of a both an overt and clandestine nature over the decades have made South Africa part of the western world, both materially and symbolically. Disapproval of racism and the abridged system of “parliamentary democracy” which until recently characterized white minority rule, was minority opinion in the United States until after well after World War II. For foundations, South Africa’s racial crisis has always been the point of focus because of the implications for American race relations.<sup>21</sup>

During World War Two there was little overseas activity for American foundations. However, the importance of domestic race relations was heightened by black migration to America’s northern cities. In 1937 Carnegie Corporation had engaged the Swedish economist Gunnar Myrdal to examine American race relations. His research was also to provide a guide for philanthropic work.<sup>22</sup> An American Dilemma was published in 1944. Myrdal’s analysis, emphasizing class, group status and access to opportunity, represented a departure from foundation thinking on race.

In An American Dilemma Myrdal argued that like laissez faire economics, laissez faire race relations could have calamitous consequences. Aside from the contradiction of the United States demanding military service from disenfranchised African-Americans in a war against racially inspired fascism, it was clear that a new direction was required for post war race relations. With An American Dilemma, American philanthropy, with tacit governmental consent, was publicly announcing a shift away from old historical traditions (national habits) to less discriminatory national habits and social norms.

Like the United States, in South Africa the growth of domestic industries during the war stimulated black migration to the sprawling townships surrounding the country’s “white” cities. The Fagan Commission (1946-48), advised that black urbanization could not be reversed. Moreover, because total segregation was impractical, laws

which impeded the development of a stable urban workforce should be modified or removed.<sup>23</sup> In 1949 Carnegie Corporation sounded out moderates about sponsoring a study of race relations and industrialization, "Economic Aspects of a Multi-racial society", in effect, "A South African Dilemma."<sup>24</sup> In the end the Corporation held back, aware of growing South African anxiety over trends in American race relations and American interest in decolonization. Few imagined the program of social engineering that the newly elected National Party was about to initiate, including the British.

In post war Britain policy makers planned to shift the center of a smaller Empire to Africa, rich in natural resources.<sup>25</sup> Africans would settle for better administration and more rigorous support for their rights against settler communities, or so the thinking went. This was a serious miscalculation on Whitehall's part. Throughout the 1950s Britain was faced with a continuous series of emergencies, in Africa and elsewhere, reflecting the demands of dependent peoples for an end to colonialism. By 1957 American foundations had began talks with the U.K.'s Permanent Representative to the U.N. Trusteeship Council about the preparation of emerging nations. One indirect outcome was the formation of the Ashby Commission, charged with studying the higher education needs of a soon to be independent Nigeria.<sup>26</sup> The Ashby Commission's report, entitled Investment in Education (1960) became a widely studied document for African development.<sup>27</sup> The Commission supported the development of new universities and social science institutes, to be funded by the Ford and Rockefeller Foundations. American social science theories and methodologies were to be brought to Africa's new universities, in part by American philanthropy, which would also underwrite the training of practitioners of these theories.<sup>28</sup>

Within a decade of Nigerian independence, armed struggle encompassed Africa's remaining white minority regimes. Once considered bastions of civilization on a "dark continent", in an age of emerging nations, white settler regimes were embarrassing reminders of colonialism. In an era of Cold War geopolitics the strategic impor-

tance of such regimes had, however, been enhanced and the West could ill afford to abandon them. In the 1950s and 1960s, "the Golden Age of Apartheid", as advocates of Separate Development saw it, relations between American philanthropy and the South African state reached their nadir. However, by the early 1970s, escalating insurgency was making movement away from overt racism more compelling.

In 1975 the Carnegie Corporation made its first South African Project Grants since the 1950s. The following year uprisings swept the country. Between 1976 and 1980, Carnegie expenditures in South Africa went from \$191,000 involving three programs, to over \$750,000 spread over eight programs.<sup>29</sup> By mid 1980s the state had acquiesced to Carnegie support for a Centre for Legal Studies, a Legal Resources Trust, and a Black Education Research Trust, programs resting the assumption that South Africa would remain a capitalist state tied to the world economy.<sup>30</sup>

With the release of Nelson Mandela in 1991 and negotiations leading to general elections and an interim constitution, the long term commitment of American foundations to South Africa appears to have been sound. It remains too early to make predictions. The degree to which real power and resources are redistributed to the African majority will in large measure tell the tale. It remains instructive to note that the efforts of Carnegie philanthropy, as well as the Rockefeller and Ford philanthropies, have helped bring South Africa and Nigeria, Africa's two largest, resource rich and advanced nations, firmly into the capitalist world economy. It is not surprisingly that their respective educational systems, especially at the university level, are increasingly like our own.

This paper has sketched out some of the more far reaching involvements of American Philanthropy as it relates to Educational Foundations. Implicitly this paper asks readers to weigh the wisdom of permitting the philanthropic enterprise to function as an informal (and unelected) vehicle of policy implementation in a democratic

society. How comfortable are we with having the future direction of society set by philanthropy? And how comfortable should we be with philanthropy augmenting the role of government, when global changes in technology and economic organization pose new challenges for democratic institutions? These questions should be raised by those teaching Foundations of Education, for our students are the generation that must fully grapple with these issues.

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### ENDNOTES

1. This is a revised version of a paper presented at the New York State Foundations of Education Association Annual Conference, April 1995.
2. Clarke was soon to become Director of the Institute of Education at the University of London. The reference is to H.G. Wells' call for an elite of gifted individuals, motivated by spiritual idealism, to guide the world toward a rational and equitable political and economic system. Wells assumed an enlightened capitalism would be the engine powering world reform. Clarke to Keppel, June 13, 1935. Clarke File, Box 104, Grant Series One, Carnegie Corporation Archives, Butler Library, Columbia University, New York. (Hereafter CC)
3. Maurice Zeitlan, "Who Owns America? The same old Crowd". in Maurice Zeitlan, The Large Corporations and Contemporary Classes, (New Brunswick, 1987).
4. Barbara Howe, "The Emergence of Scientific Philanthropy, 1900-1920: Origins, Issues, and Outcomes", In Robert F. Arnove (Ed), Philanthropy and Cultural Imperialism, (Boston, 1980), pp.25-54.
5. Horace Coon, Money to Burn. Great American Foundations and Their Money, (New York, 1990 orig. 1938).
6. J. Craig Jenkins, "Social Movement Philanthropy And American Democracy", in Richard Magat (Ed), Philanthropic Giving, Oxford, 1989, pp.292-314.
7. R. Jeffry Lustig, Corporate Liberalism. The Origins of Modern American Political Theory 1890-1920., (Berkeley, 1982), pp.195- 226.
8. Ibid.
9. John H. Stanfield II, "Private Foundations And Black Education And Intellectual Talent Development." , in Magat, pp.334-349.

10. Ibid, especially 337-38.
11. Richard Glotzer, "The Career of Mabel Carney: The Study of Race and Rural Development in the United States and South Africa.", (forthcoming Vol. 29) International Journal of African Historical Studies.
12. Lustig, pp.204-205.
13. Wm Roger Louis, "The United States And The African Peace Settlement of 1919: The Pilgrimage of George Louis Beer", Journal of African History, 4(1963), 413-433.
14. L.D. Pearce, The Turning Point in Africa. British Colonial Policy 1938-48, (London, 1982) pp.1-16.
15. See Kenneth J. King, "Africa and the Southern States of the U.S.A.: Notes on J.H. Oldham and American Negro Education for Africans.", Journal of African History, Vol.X., No.4., 1969, pp.657-77.
16. John Kendle, The Round Table Movement and Imperial Union, (Toronto, 1975), pp.1-22.
17. Clive Whitehead, "The Medium of instruction in British Colonial education: a case of cultural imperialism or enlightened paternalism?", History of Education, 1995, Vol.24, No.1., 1-15. For a detailed discussion of Anglo-Saxon expansion see Paul Rich, Race and Empire in British Politics, (Cambridge, 1986), pp 13-26.
18. Clive Whitehead, "Educational Policy in British tropical Africa: the 1925 White Paper in Retrospect", History of Education, Vol.10., No.3., 1981. pp.195-203.
19. Thomas Jesse Jones (Ed.), Education West in Africa, (New York, 1922), and Thomas Jesse Jones (Ed.), Education in East Africa, (New York, 1925).
20. The South Africa Program cost far less than the \$4,000,000 Carnegie funneled into Canadian Higher Education. See Archibald MacMechan, "Canada as a Vassal State", Canadian Historical Review, Vol.1, No.2., 1920, pp.347-353., and S. Sommerville, "Is Canada Becoming Americanized?", The Empire Review, June, 1926, 537-540.
21. Personal Communication, Alan Pifer to the author. July 1992. Pifer is a former President of Carnegie Corporation.
22. For an extensive treatment of this subject see Ellen Condliffe Lagemann, The Politics of Knowledge, Chicago, 1989, pp.132-146.
23. Phyllis Lewsen, "Liberals in Politics and Administration, 1936-1948", in Jeffrey Butler, Richard Elphick and David Welsh, Democratic Liberalism in South Africa (Cape Town, 1987) pp.112-113.
24. Shepardson to Van Eck, February 8, 1949. KCM 56986(475)(2),

- E.G.Malherbe Papers, Killie Campbell Africana Library, University of Natal, Durban, South Africa. (Hereafter E.G. M. Papers)
25. Between 1939-1945 Britain accumulated 2,879 million in external. In the same period Britain sold off 1,118 million in overseas assets, particularly in the United States. Whitehall was now becoming dependent on American aid in peace time. Cf. Wm William Roger Louis, British Strategy in the Far East 1919-1939, (Oxford, 1971), pp.17-108. Pearce, The Turning Point in Africa, pp.90.
  26. A first conference was held at the Greenbrier Hotel, White Sulfur Springs, West Virginia in 1958. At British insistence, no Africans were included. A second "whites only" conference was held at Cumberland Lodge, England, in 1959. Participants selected from foundations, government agencies and universities, attended in private capacities. "Conference on Assistance to Tropical African Countries", Grant Series Two, Box 5 - 1958, CC.
  27. E. Jefferson Murphy, Creative Philanthropy. Carnegie Corporation in Africa 1953-1973, (New York, 1976), pp.57-81.
  28. Ibid.
  29. 67. Annual Report, Carnegie Corporation, 1976 and 1982.
  30. 68. As Carnegie's President, Alan Pifer, wrote to one of the Corporation's South African associates after a 1980 trip to South America; "Perhaps what emerges in time will not be unlike Brazil where there is no legal segregation but where the whites tend to occupy a substantial proportion of the better jobs". Pifer to Malherbe, November 10, 1980. KCM 56987(88) E.G.M. Papers.