

GIVING AWAY MONEY

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For the President of a college to choose such a subject for a paper may seem to be taking an unfair advantage of his fellow-members. This seeming indelicacy is heightened when one reflects that he was educated for the ministry, and as such was, so to speak, set apart to thunder against the deadly sin of avarice, to be a means of grace to his fellow-mortals by trying to persuade them to become unselfish and to part with their money. However, while I believe that a man's attitude towards money is a very revealing test of his character, that it makes a great deal of difference whether it is to him a means or an end, whether he owns his money or his money owns him, that St. Paul was genuinely inspired when he said that "the love of money is a root of all kinds of evil," I want to avow that I have no immediate sinister designs on my hearers. I will endeavor not to revert to type and engage in too obvious sermonizing.

In all ages we find glowing examples of unselfishness and generosity, and the endowment idea has its roots deep in human history. On the tablets of Ninevah, it is recorded that Sardanapalus was a patron of literature, and it is quite possible that the idea of the modern philanthropic foundation occurred to him sometime before his death in 823 B.C.

The earliest perpetuity was probably the Delphis Oracle in the Fifth Century B.C. The next perpetual trust was the famous Alexandrian library of the Ptolemies in the Fourth Century B.C., which lasted until it was burned five hundred years later. Even longer in existence was the Academy at Athens, founded in 387 B.C. for the systematic study of philosophy, endowed by Plato, and lasting until the Emperor Justinian closed the schools of Greece in A.D. 529.

There was established about 500 B.C., the memorial of Polythrous, an endowment of about \$170,000 set up in ancient Teos, a city on the west coast of Asia Minor, "in

order that all free-born youth may be educated as Polythrous, the son of Onesimus, advocated." King Eumenes of Pergamum, about 160 B.C., furnished an endowment, the income of which was to be devoted to teachers' salaries and to scholarships for teachers' sons. The younger Pliny, about 110 A.D., gave an endowment of some \$600,000 to give life to a school and to furnish a public bath in his native city of Como.

The idea of permanent provision for worthy purposes fitted admirably into the ideals and practices of the Christian Church, and from the Fourth Century A.D. until the Reformation practically all endowments were Church endowments. After the Reformation, English endowments were related more particularly to the City Companies of London. With the breaking up of monasteries and the church lands, private charity began, and a few "perpetual" institutions were established. The property of Sir Thomas Bodley started the Oxonian Library in 1602, the French Academy was inaugurated in 1635 under the protection of Cardinal Richelieu, and George III endowed the Royal Academy in London with five thousand pounds.

From the individual point of view, the spirit of philanthropy is as old as the civilization that made man his brother's helper. Actually, however, such endowments are possible only in a civilization that permits the accumulation of surplus wealth. The economic conditions of frontier America did not provide the surplus wealth necessary for many large endowments. During the eighteenth and nineteenth centuries, only a few persons living in the United States incorporated any part of their wealth in the form of a charitable foundation. Among the first of these was Benjamin Franklin, who believed it would always be difficult for mechanics' apprentices in Boston and Philadelphia to get a start. He made a bequest of one thousand pounds sterling to each of the cities of Boston and Philadelphia, for loans to "young married artificers of good character." The principal was to be held intact for one hundred years. At the end of the period, in 1891, Philadelphia's fund

amounted to \$90,000, Boston's was \$391,000. According to the bequest, the major part of each fund was to be disbursed at the discretion of the managers for suggested public works, "whatever may make living in town more convenient for its people and render it more agreeable for strangers," and the remainder to be reinvested for another hundred years. In 1908, Philadelphia used \$133,000 of its fund to endow Franklin Institute. Boston, in 1904, used \$408,000 to build Franklin Union. These institutions were considered the modern answer to Franklin's original intention. In accordance with the bequest, Philadelphia's remaining \$20,000 and Boston's \$62,000 were reinvested for another hundred years, or until 1991.

Stephen Girard, in 1831, established the third foundation in this country. He left two million dollars and the residue of his estate to "the Mayor, Aldermen, and Citizens of Philadelphia" for an orphanage, now known as Girard College. Here three hundred fatherless "white, legitimate boys" between six and ten years of age, who can produce a marriage certificate of their parents and their own birth certificate, may be admitted to be fed, clothed, and educated until they reach the age of fourteen to eighteen. Preference was to be given to boys from Philadelphia, then Pennsylvania, then New York City, and then New Orleans. His will gave specific instructions on the construction of the buildings, even to the dimensions of the rooms, so that the architects had difficulty in following his directions and yet make the buildings habitable. Furthermore, he specified that a wall fourteen inches thick and ten feet high with two gates was to surround the property.

Even Daniel Webster could not break this will. The thing which occasioned the controversy and the law suits was the admonition that "no Ecclesiastic, Missionary, or Minister of any sect whatsoever shall ever hold or exercise any station or duty whatever in said College; nor shall any such person ever be admitted for any purpose, or as a visitor, within the premises of the said College . . . I desire," he explained, "to keep the tender minds of the

orphans free from the excitement clashing doctrines and sectarian controversy are so apt to produce." The heirs attacked this immediately as invalidating the whole bequest "as hostile to the Christian religion." After lengthy litigation, Justice Story upheld the will.

The residue of the Girard estate consisted of real estate, which was found to include a part of the richest anthracite coal fields in Pennsylvania, from which more than ninety-eight million tons of coal have been mined. Mr. Girard directed that "if the income is more than sufficient, it shall be invested in good securities." This has been done, so that the Girard College endowment for orphans is now worth more than seventy-seven million dollars.

These are not the only endowments which show the cramping effects of the dead hand, the lack of imagination of the well-intentioned donor, the failure to realize that time marches on, that we are living in a developing civilization, and that he who would best serve mankind for the long future should not place too great restrictions upon the use of his gift. This is more true in this country than it is in Great Britain, for American legal history is full of examples of the refusal of the courts to deviate from the letter of the law, whereas in England, there is a Board of Charity Commissioners, whose duty it is to determine if the endowment is for the best public interest, and whether the fund should be applied to alternative uses. This action was taken because of a number of eccentric endowments which had come to light, such as the one to provide ransom for Englishmen captured by Barbary pirates, one to establish a lectureship on coal gas as the cause of malaria fever, one to provide for the illumination of his wife's tombstone, and another to pay somebody to dance on his grave each year on the anniversary of his death.

We have in this country examples of equally eccentric endowments. Milton S. Hershey gave his chocolate business to the Hershey Industrial School for Orphans in perpetuity. Since he had no children, he said, he wanted to make "the

orphan boys of the nation my heirs." In 1933, at the bottom of the depression, the dividends amounted to \$1,675,000, because the school owns not only practically everything in the vicinity of Hershey, Pa., but it owns also, indirectly, a \$30,000,000 sugar plantation in Hershey, Cuba. It costs about four times as much money a year per boy in the school as it costs to keep a boy in a private home in New York City. The school cannot begin to spend its income, and in order to keep it full, orphans must be imported from other states. The Hershey funds, together with the Stephen Girard endowment, make such ample provision for the orphan boys of Pennsylvania, that it would seem to be necessary to kill a large number of parents, in order to carry out the provisions of these bequests.

A man left a fund to relieve the poor suffering from yellow fever, so they would not have to go to a hospital. A Boston hospital has a fund to provide wooden legs for Civil War veterans. A trust was established by a philanthropist for the education of the Negroes in Liberia, under the misapprehension that American Negroes would eventually go there.

Not many years ago, Harvey C. Woodward, of Alabama, left \$7,500,000 for a school to be established not within fifteen miles of a town, and he specified that no ministers could be on the faculty, no religious buildings on the grounds, no foreign languages should be taught, and there must not be any inter-collegiate athletics, fraternities, or examinations. Furthermore, pupils must be native born Americans of British ancestry so far as possible, and the teachers must come from the North. Wills as idiotic as this are not unknown, and they provide a feast for lawyers. Yet under American law, a last will and testament cannot be changed, unless it can be proved that the testator was of an unsound mind at the time he wrote it. Millionaires seem to share the sentiment of Plato when he said: "Oh ye gods, how monstrous, if I am not allowed to give or not to give my own to whom I will!"

Probably the second trust establishment in this country

(the first was Benjamin Franklin's and the third, Stephen Girard's, all three of them in Philadelphia) was that which is now known as the White-Williams Foundation. Organized about 1800, as the Magdalen Society, it is a perpetual trust to help "unhappy females who are desirous of returning to a life of rectitude." The necessity of acknowledging the condition implied by this quotation made the fund of limited use until it was reorganized in 1920 to attack the same problem in a more impersonal way.

The first foundation in America to show none of the deadening effects of the founder came through the bequest, in 1829, of \$508,000 by James Smithson of England "for the increase and diffusion of knowledge among men." The Smithsonian Institution, established in Washington, D. C., in 1846, is the result of this initial gift. Another outstanding foundation was the Peabody Foundation Fund of more than \$2,000,000, established in 1867, "to aid the stricken South." It is interesting to note that two of the most important of the early foundations of America were established by an Englishman and by an American whom England had adopted. It may be remembered too that Cornelius Vanderbilt, a man from the North, was moved to make his gift to the institution in Nashville which bears his name by his desire to help heal the wounds caused by the fratricidal strife of the War Between the States.

In spite, however, of the very great interest and significance of some of these earlier grants, the American Foundation is distinctly a twentieth century phenomenon, only seven of any importance having been carried over from the nineteenth. There has been a veritable boom in American foundations since 1900, and the generous provision which our government makes for encouraging gifts to eleemosynary institutions by providing for substantial deductions on income tax returns is increasing this general trend. One can, of course, only guess at the reasons for the creation of any specific foundation. Those who subscribe to the "tainted money" theory seem to regard the philanthropic inclination as attributable to only one motive: "the desire

to salve his conscience and secure divine forgiveness for the unholy acquisition of such wealth"; or, in the language of a current critic, such giving is motivated by "the beginning of a rudimentary social consciousness on the part of those who accumulated the large fortunes or, if a less polite phrase is wanted, the beginning of a guilty feeling". John T. Flynn is much more generous, and I think rightly so, in evaluating the motives of John D. Rockefeller, Sr. The late F. P. Keppel declared that while the motive for giving may be sheer egotism and the desire for the publicity attending the gift; while the donor may not be blind to the conveniences attending exemption from taxation; while he may desire to perpetuate his own name or that of some one dear to him; while he may be, and often is, genuinely and intelligently interested in the subjects or cause the foundation is to serve; he feels sure that the dominating reason, at least in many cases, is the recognition of "the stewardship of surplus wealth." A sense of stewardship alone, however, would not account for the greatest of these gifts. They represent a faith in man and in his possibilities for progress, which lies deeper than the sense of stewardship. Certainly these two qualities were united in the heart of Andrew Carnegie, and it would be hard to overestimate his influence in the development of American foundations.

John D. Rockefeller, Sr., did not have to learn from anybody the blessedness of giving, for he began at sixteen his Ledger A, in which he kept a record of every penny he gave away, and he taught his children to save 10% and give to charity 10%. By establishing the modern foundation, Carnegie showed how to give money away on a large scale. Carnegie paved the way and set the pace. Mr. Rockefeller was rich. From the time he organized the Standard Oil monopoly, when he was regarded as utterly ruthless in business, he was excoriated, and no criticism of him seemed to be too harsh, but he was a churchman also, and was genuinely interested in the American Baptist Educational Society. His seventy million, in 1889, placed him, as some one has said, "on the Baptist sucker list." The Reverend F. T. Gates, a

Baptist preacher of Minneapolis, about that time called at the Rockefeller home, and persuaded the oil magnate to make what John D. later called, "The best investment I ever made," his first large gift of \$600,000 to the University of Chicago. Later, aided by the services of Mr. Ivy Ledbetter Lee, there was a decided change in the public's picture of the Rockefeller family, and his benefactions were immensely multiplied. When he died the spontaneous epitaph of thousands was: "He wanted to live to be 100, and I'm sorry he didn't do it."

John D. Rockefeller, Jr., has followed in his father's footsteps in his unashamed allegiance to the Church, in the rearing of an apparently well-disciplined and unspoiled family, as well as in his endeavor to use his wealth for the welfare of mankind throughout the world. The first disease to be attacked by the Rockefeller philanthropy was hookworm. When the Southern states, which were at first supersensitive, were won over to take up the battle, Mr. Rockefeller declared: "I know now what I want to do with my money. I made it all over the world, and will spend it there." By the formation of a number of Boards or Foundations or Funds, the Rockefeller philanthropies, like those of Andrew Carnegie, have been devoted to Education, Health, Social Welfare, Recreation, and other causes fundamental to a developing civilization. Horace Coon, in *Money to Burn*, states that "the Rockefellers have given away more than \$750,000,000, yet the principal remains intact. When John D., Sr., retired on account of ill health in 1896, he had only \$200,000,000, but when he died his public relations counselors announced gifts of \$530,000,000. John D., Jr., has given away \$167,000,000 on his own account." Andrew Carnegie was not the first to establish a foundation in this country, nor was he the first donor with creative imagination, but he was the first man to enunciate his famous axiom, "The man who dies rich, dies disgraced," and then lived up to it, for he gave away the greater part of his immense fortune during his lifetime.

Dr. Robert M. Lester, Secretary of the Carnegie Corpor-

ation, published in 1941 a valuable and carefully prepared book, entitled, *Forty Years of Carnegie Giving*, in which, with characteristic brevity, he gives an accurate thumb-nail sketch of Carnegie, which is in part as follows. "Andrew Carnegie, steelmaster and philanthropist; born in a weaver's cottage on November 25, 1835, in Dunfermline, Scotland; moved with his family to the United States in 1848; settled in Allegheny, Pennsylvania; bobbin boy, messenger boy; telegraph operator, train dispatcher, and railway superintendent for the Pennsylvania Railroad; self educated; early promoter of railway sleeping cars; organizer in 1865 of Keystone Bridge Company, and of other companies; possessed of an uncanny ability to select as his associates young men of exceptional talent; organizer of the great Carnegie Steel Company not as a stock corporation but as a partnership in which every member was an active working partner; developer of iron and steel production in Pittsburgh into a mighty domain peculiarly his own; began about 1870 a career of giving exponent of the gospel of wealth and the stewardship of great fortunes; donor of thousands of free public library buildings and church organs; benefactor of hundreds of colleges and schools; Laird of Pittencrieff and of Skibo; retired from business at the age of sixty-five; devoted himself thereafter to the distribution of his great fortune; worker in the cause of peace; founder of many public trusts which bear his name; died near Lenox, Massachusetts, on August 11, 1919; survived by wife and a daughter, Margaret, now Mrs. Roswell Miller; buried in Sleepy Hollow Cemetery near Tarrytown, New York"

The first of his American foundations was created in 1896. In 1900, he published his *Gospel of Wealth*, which had appeared in 1899 in the June issue of the *North American Review*. This was startling and shocking to some, but was welcomed and highly approved by the majority. In his *Introduction*, Carnegie described his honest, hard-working weaver forbears in Scotland, the migration to this country, his first job in this country as a "bobbin-boy" at

the age of twelve, making a salary of one dollar and twenty cents a week, of how he labored long hours, progressed, until he blossomed into a full-fledged business man. However, he never decried those years of poverty and struggle. In his *Introduction to the Gospel of Wealth*, Carnegie wrote as follows: "You know how people moan about poverty as being a great evil, and it seems to be accepted that if people had only plenty of money and were rich, they would be happy and more useful and get more out of life. As a rule, there is more genuine satisfaction, a truer life, and more obtained from life in the humble cottages of the poor, than in the palaces of the rich It is because I know how sweet and happy and pure the home of honest poverty is, how free from perplexing care, from social envies and emulations, how loving and how united its members may be in the common interest of supporting the family, that I sympathize with the rich man's boy and congratulate the poor man's boy It seems nowadays a matter of universal desire that poverty should be abolished. We should be quite willing to abolish luxury, but to abolish honest, industrious, self-denying poverty would be to destroy the soil upon which mankind produces the virtues which enable our race to reach a still higher civilization than it now possesses."

Carnegie took it for granted that rugged individualism, great inequality of environment, the concentration of business, industrial and commercial, in the hands of a few, and the law of competition between these, were the law of life, to which men must accommodate themselves. He regarded this law as being not only beneficial, but essential to the future progress of the race. Having accepted this philosophy as in the best interest of the race, he foresaw that inevitably wealth would be found in the hands of the few. The great question from his point of view was the proper mode of administering wealth. "There are," he said, "but three modes in which surplus wealth can be disposed of. It can be left to the families of the decedents; or it can be

bequeathed for public purposes; or, finally, it can be administered by its possessor during his lifetime."

The first, Carnegie declared, was the most injudicious, for it was misguided affection. Mr. Carnegie heartily approved heavily taxing large estates. He said, "By taxing estates heavily, the state marks its condemnation on the selfish millionaire's unworthy life." The second was satisfactory, "provided a man can wait until he is dead before he can be of much good in the world." His bequests are then likely to be monuments to his folly, and "no man can be extolled for doing what he cannot help doing." The ideal gift, he thought, was one in which the surplus wealth of the few was administered for the common good. He believed, however, that the rich men or their appointed trustees should do the administering. The only question in his mind was not how much millionaires should give away, but "how much dare we retain for our own gratification."

Abram S. Hewitt, of New York, wrote to Mr. Carnegie, "Your position in the history of social development will be that of the man who first compelled wealth to recognize its duties, not merely as a matter of moral obligation, but of decent self respect on the part of men who control large fortunes." The little Scotchman recognized this when he was thirty-three years old, and making fifty thousand dollars a year. It was then that this man, who J. K. Winkler calls "the greediest little gentleman who ever lived," this perfecter of the bonus and piece-work systems, wrote: "Amassing wealth is one of the worst species of idolatry. No idol is more debasing than the worship of money. To continue much longer must degrade me beyond permanent hope of recovery." Yet for another thirty-three years, he continued until, in 1901, the profits of the Carnegie Steel Company were \$40,000,000, a world record at that time for any legitimate competitive industry. At sixty-six, charged with the obsession that he must spend his \$400,000,000 before he died, he set about the toughest job of his life, the task of distributing it intelligently.

"Out of every \$1,000 spent in so-called charity today,"

he wrote in *The Gospel of Wealth*, "it is probable that \$900 is unwisely spent." Allen Thorndike Rice, Editor of the *North American Review*, suggested: "Make it \$950," and he did so. In 1887, he told Gladstone: "It is disgraceful to die a rich man." Hopefully and rather naively, with the help of one secretary, he tried to find worthy causes. He was looking for causes upon which he could spend millions. Impatiently, to a man who asked for \$5,000, he snapped: "I'm not in the retail business." He gave four millions for a relief and pension fund for his workmen, and he wrote to twelve men, asking them their advice on the best purpose for ten million dollars. Each one promptly pleaded on behalf of his own pet institution or philanthropy, and Mr. Carnegie was discouraged. It was not as easy as he had thought. The late Henry S. Pritchett, Acting President of the Carnegie Corporation in 1922, said: "Some one must sweat blood with gift money, if its effect is not to do more harm than good; and this is equally true whether it be done by an individual or by a trust."

It was in the December, 1889, issue of the *North American Review* that Mr. Carnegie, at the request of the Editor, published a second article, giving his (Carnegie's) idea of the best uses to which a millionaire can devote the surplus, of which he should regard himself as only the trustee. He lists these in this order: *First*, Founding a university, or adding to, or extending one already in existence. *Second*, Free libraries, provided the community will accept and maintain them as a public institution, just as it does its public schools. *Third*, The founding and extension of hospitals. *Fourth*, Public parks, to be maintained, beautified, and preserved inviolate. *Fifth*, Halls suitable for meetings of all kinds, and for concerts of elevating music. *Sixth*, Swimming pools for the people. *Seventh*, Churches, "purposely reserved until the last, because, these being sectarian, every man will be governed in his action in regard to them by his own attachments.

Since this article, representing his considered judgment was published at least two years before he was trying so

desperately to give away his millions, it seems somewhat strange that he did not from the first follow his own expressed judgment. As a matter of fact, both he and the trustees of his various philanthropies did eventually follow most of them. He began with his second suggestion, the founding of free libraries, and he built 2,811 libraries throughout the English speaking world. Exultantly, he told his friends that he was giving away libraries at the rate of two or three a day. Worthy as this purpose was, after twenty years, he was able to spend only a little more than sixty millions.

As if this vast wealth were a horrible thing, burning in his pocket and his conscience, he scurried about the world, anxiously looking for ways to spend it. The ferocious energy, so long devoted to the mania of accumulation, became a frenzy in his search for meritorious objects for his benefactions. He gave \$2,500,000 to "the toiling masses of Dunfermline, to bring into their monotonous lives sweetness and light." He gave \$22,300,000 to the Carnegie Institution at Washington, incorporated by special act of Congress in 1904 for scientific research. Later he gave \$29,250,000 to the Carnegie Foundation for the Advancement of Teaching. Then he really struck his stride in public giving: \$26,718,000 to the Carnegie Institute and the Institute of Technology in Pittsburgh; \$10,000,000 for the establishment of the Hero Fund; \$10,000,000 for the Scottish universities; \$6,248,000 for church organs; \$1,500,000 for the peace palace at the Hague. Smaller sums were disbursed here and there. Frantically he toiled to get rid of his millions.

After ten of the busiest years of his life, working as he had never worked before, he found himself seventy-six years old with more than \$150,000,000 left. The task seemed hopeless. Unless he hurried, he was in danger of dying rich and therefore disgraced. He complained to John D. Rockefeller, whom he greatly influenced, "The way of a philanthropist is hard." Finally, at the suggestion of his lawyer, Elihu Root, he established a foundation, the Carnegie Corporation, to which in 1911 he turned over \$125,000,000 in bonds

of U. S. Steel Corporation, the largest sum which up to that time had ever been dedicated for human betterment.

Declaring his purposes, he wrote: "My chief happiness as I write these lines lies in the thought that even after I pass away, the wealth that came to me to administer as a sacred trust for the good of my fellowmen is to continue to benefit humanity for generations untold." Again he said: "I do not wish to be remembered for what I gave, but for what I persuaded others to give." With the zeal of a crusader, Carnegie campaigned among his colleagues of great wealth. "You should begin giving," he warned John Wanamaker, "instead of using the whole of your exceptional talents in grabbing for more dollars." By the time of his death in 1919, he had given away 90% of his wealth, as he said he would do forty years before. He started out in 1901 to give away \$300,000,000. He gave away \$333,000,000. His trusts have distributed \$368,000,000. In 1941, their assets were \$319,000,000.

In 1935, the foundations established by Andrew Carnegie celebrated his Centenary. At that time, Sir James Irvine, Principal and Vice Chancellor of the University of St. Andrews, paid tribute to his memory in these words: "He was indeed the father of giving on the grand scale and, more than any other man of his time, he transformed giving from an ill-developed art into a well-organized science; above all, and for the reason that he regarded benevolence as a duty, there was no savour of charity to make bitter the acceptance of his gifts." And another has said of him: "He was regarded by the world as one of the most remarkable men of his age, and, in certain ways, he was unique among men of all ages. He was equally great as a man of practical affairs and as an idealist. In the thought that he had worked for the realization of certain ideals, he discovered the secret of a serene and happy spirit, a characteristic which marked his life, especially after his retirement from business, and up to the day of his death."

In conclusion I will quote the last paragraph of Carnegie's article "The Gospel of Wealth," which appeared in

the *North American Review* of June, 1889, written when he was fifty-three years old: "The gospel of wealth but echoes Christ's words. It calls upon the millionaire to sell all that he hath and give it in the highest and best form to the poor by administering his estate himself for the good of his fellows, before he is called upon to lie down and rest upon the bosom of Mother Earth. So doing, he will approach his end no longer the ignoble hoarder of useless millions; poor, very poor indeed, in money, but rich, very rich, twenty times a millionaire still, in the affection, gratitude, and admiration of his fellow-men, and—sweeter far—soothed and sustained by the still, small voice within, which, whispering, tells him that, because he has lived, perhaps one small part of the great world has been bettered just a little. This much is sure; against such riches as these no bar will be found at the gates of Paradise."