**Summary:** Though it's unclear its original donor would have supported such a course, the Edna McConnell Clark Foundation long worked with nonprofits like the ACLU to re-shape federal and state mental health policy. The results were dramatic, and the unintended consequences were disturbing.

You could spend hours tracing the unique contributions made by the U.S. philanthropic sector to medicine and human health generally. Take the Rockefeller Foundation’s support for schools of public health (not to mention its funding of research to defeat diseases such as yellow fever and hookworm). Or the good work of the Robert Wood Johnson Foundation (for example, generous assistance to help fund the studies of economically hard-hit Depression-era medical students).

Newer foundations, such as the Bill & Melinda Gates Foundation, have taken the American philanthropic sector’s traditional interest in medicine and health and channeled it into world-wide projects that fight scourges such as tuberculosis and malaria.

Not all interventions by American foundations and tax-exempt groups, however, work out as well as the ones named above. Take the field of mental health, particularly federal and state mental health policy. A momentous shift in federal and state government policies toward the mentally ill occurred in the 1970s, when foundations and activist groups spurred the movement known as “deinstitutionalization.”

We forget today the scale of this deinstitutionalization drive that took place. A January 24, 1978 *Wall Street Journal* article provides perspective: fewer than 190,000 people were institutionalized that year, down dramatically from 500,000 in 1955, even though the...
Institutionalization.

How homelessness is an improvement over and in some cases abused, it is hard to see were condemned to a very low level of care, better than "warehouses," where patients served the mentally ill truly were little paid to Capital Research Center.

700,000 are believed to have serious mental across the nation. As many as 250,000 of America’s estimated homeless population of 700,000 are believed to have serious mental illnesses, according to one survey.

The distressing ripple effects of this change can be seen in shelters and soup kitchens all across the nation. As many as 250,000 of America’s estimated homeless population of 700,000 are believed to have serious mental illnesses, according to one survey.

Even if one accepts that many institutions that served the mentally ill truly were little better than “warehouses,” where patients were condemned to a very low level of care, and in some cases abused, it is hard to see how homelessness is an improvement over institutionalization.

This essay will sketch out the foundation and nonprofit players in the push for deinstitutionalization, as well as looking at the nonprofits active on both sides of the debate over whether these "reforms" need to be reconsidered.

One article cannot definitively settle the complex questions surrounding humane treatment of the mentally ill. Nor is there space here to detail the entire history of deinstitutionalization. But we can document and trace the key roles played by nonprofit/foundation leadership, especially at the Edna McConnell Clark Foundation, in shaping the major contours of federal and state mental health policy.

The High Cost of Untreated Severe Mental Disorders

Random shootings and other shocking episodes of fatal violence inevitably—and often cruelly and unfairly—lead to questions about whether the suspected perpetrators were “off their meds.” The question lingers even after it emerges that the perpetrators of some violent deed acted out of their own free will, rather than because of an untreated psychiatric issue.

In a December 2012 Wall Street Journal op-ed he co-authored, the renowned psychiatrist E. Fuller Torrey provocatively argued that “the heart of this problem” of violence is not just “the availability of weapons but the abundance of individuals with severe mental disorders who are not being treated” (emphasis added).

Torrey cited statistics from the National Institute of Mental Health which show that of the 7.7 million Americans suffering from schizophrenia, schizoaffective disorder, and bipolar disorder, “3.5 million of them [are] receiving no treatment at any given time.” Of this group, Torrey added, “350,000 individuals become societal problems because of their untreated severe mental illness. According to federal statistics or academic studies, they comprise one-third of the homeless population and one-fifth of the inmates of jails and prisons, and they are responsible for at least 10% of all homicides in the U.S.”

In addition, “a 2010 survey by the Treatment Advocacy Center [a tax-exempt group which he founded] reported that there are over three times more severely mentally ill individuals in jails and prisons than in hospitals. The problem is further exacerbated by state commitment laws that impede the hospitalization of those who resist treatment.”

How did such a large group of vulnerable individuals, living in the richest country in the world—a nation renowned for the contributions of its universities and laboratories to medical research—find themselves in such difficult circumstances?

“...The Foundation has taken no action to address that problem”

Part of the answer lies in the history of the Edna McConnell Clark Foundation, based in New York, and its alliance in the 1970s with the American Civil Liberties Union (ACLU).

McConnell Clark (which reported net assets just slightly under $900 million in its most recent financial disclosures) was founded by an heiress to the wealth created through Avon cosmetics. Edna McConnell Clark was a daughter of Avon’s founder, David Hall McConnell. She established the foundation in 1950.

Among the foundation’s accomplishments have been signal contributions to research into defeating various tropical diseases (such as trachoma, an illness that attacks the eyes) which cause no end of pain and suffering in the developing world.

Today, Clark’s descendants (two grandsons) remain active on the foundation’s board. While the family connection endures, the foundation’s profile as a funder has changed.
vastly since about 2000. That year, it embraced the transformation of “the life trajectories of America’s most vulnerable and economically disadvantaged youth” as its only funding cause. McConnell Clark’s approach to assisting disadvantaged youth encompasses teen pregnancy, justice/crime, employment, education, and foster care-related issues.

In 2005, then-president Michael Bailin commented on the foundation’s shift:

Six or seven years ago (it’s rarely easy to pin down the birthdate of an idea), the Edna McConnell Clark Foundation took the first, tentative steps in a new and, at that point, largely uncharted direction. After many years of working in a wide range of important fields and trying to alter the way public policy and social systems function in each of them, we started concentrating our attention more narrowly on what would eventually become a single focus for the whole Foundation: youth development (emphasis added).

Providing assistance to groups assisting disadvantaged young people—that goal is not exactly outside the mainstream of U.S. philanthropy. But what did Bailin mean about “trying to alter the way public policy and social systems function in each of them”?

He was, perhaps obliquely, admitting that not all of the foundation’s funding activities over the years have been so uncontroversial. CRC author Robert James Bidinotto has previously profiled McConnell Clark (see Foundation Watch, Feb. 2005). Bidinotto detailed the consequences of the foundation’s “Justice Program” and his own efforts to confront McConnell Clark officials about the results of this initiative, whose main accomplishment was to encourage the release of high-risk offenders back into the community as an alternative to imprisonment.

McConnell Clark insists on its website that its Justice Program (since shuttered) in fact “did not advocate or promote specific legislation or administrative regulations,” and that its intention all along was to assist in “controlling the growth of prison populations without compromising public safety.”

As Bidinotto’s piece makes clear, the foundation has hardly been a stranger to controversy. In his 1985 book The Golden Donors: A New Anatomy of the Great Foundations, author Waldemar Nielsen devoted several pages to McConnell Clark, noting its “willingness to stir public controversy” through its grants.

Nielsen continues: “Some of [the foundation’s] programs have had great impact. Indeed they have administered strong shocks to American society, shocks whose consequences the foundation has then ignored. For example it played a key role in bringing about the [Alabama] court decision in the case of Wyatt v. Stickney in the early 1970s to deinstitutionalize large numbers of individuals who formerly had been kept in mental institutions. But now that those pathetic people are to be seen sitting on park benches and sleeping in doorways in cities all over the country because community service facilities to care for their needs have not been created, the foundation has taken no action to address that problem.” (We will discuss Wyatt v. Stickney in more detail below.)

Nielsen concluded: “By its strategy, Clark has taken the fullest advantage of the freedom allowed to private foundations in American life to take initiative, exert leverage on social processes and institutions, and contribute to the qualities of pluralism and the competition of ideas in American life. Without question, the willingness of the society to endure the pressures exerted by a foundation like Edna McConnell Clark is maintained in part at least by the fact that so many other foundations are conservative in approach and do not disturb the status quo. From their point of view, Clark is exploiting the public acceptance they have generated and is operating in the lee of their political protection.”

“A civil liberties success but … a social policy failure”

A most interesting source provides more context for Nielsen’s observations. Although he is known today primarily for his past work as chief of George Soros’s Open Society Foundations (incidentally, a funding partner of McConnell Clark on some of its at-risk youth-related grants), Aryeh Neier was ACLU executive director from 1970 to 1978. In his 2003 memoir Taking Liberties, Neier reflects on his long career with that organization (and its New York City affiliate), and briefly describes the ACLU’s partnership with McConnell Clark: “During my tenure at the ACLU, our biggest donor overall was the Edna McConnell Clark Foundation.” He mentions the close working relationship he enjoyed in those years with two foundation officials: Roderick “Rod” Petrey (“a Florida lawyer who was vice-president of the foundation”) and Jack Coleman (who served as president, 1977-1986).

The involvement of the ACLU in litigation on behalf of institutionalized mentally ill individuals is summarized on its own website and on the website of the ACLU’s New York City-based affiliate, the NYCLU. This is the same litigation referenced by Nielsen in his write-up of McConnell Clark.

In 1969, the NYCLU created a Project on Civil Liberties and Mental Illness (later known as the Mental Health Law Project, when Neier led the NYCLU). In two Alabama cases, Wyatt v. Stickney (1972) and Wyatt v. Aderholt (1974), explains the ACLU, the Project’s staff lawyers:

challenged the conditions of hospitalization for those with mental illness and developmental disabilities, leading to significant reductions in the institutions’ populations; major increases in expenditures for mental health and rehabilitative
services; improvement in psychologist-patient ratios; significant reductions in the abuse of patients; and the adoption of the then-innovative concept of specific treatment and rehabilitation plans for each individual. The principles argued for … and included in the judge’s final order, were subsequently adopted by 35 other states. Another significant result of the Wyatt litigation was the formation of the Mental Health Law Project (MHLP), now the Bazelon Center in Washington, DC.

In Taking Liberties, Neier candidly evaluates the ACLU’s work to speed the deinstitutionalization of the mentally ill in the 1970s through repeated lawsuits.

“Unhappily, I concede that deinstitutionalization of the mentally ill was a civil liberties success but, for many of those released and for their urban neighbors, a social policy failure … [However, c]onceding a social policy failure in dealing with the mentally ill does not imply that I regret the civil liberties success.”

Neier goes on to pinpoint one particular shortcoming in how the ACLU argued for deinstitutionalization: “the legal theories on which we based our efforts on behalf of the mentally ill … did not compel the state to provide community care,” that is, an alternative to institutionalization, where those in need could receive treatment.

Neier even chides himself for failing “to anticipate the unintended consequences of deinstitutionalizing the mentally ill.” He also criticizes elected officials of the day—Governors Ronald Reagan (R-Calif.) and Nelson Rockefeller (R-N.Y.) in particular—for their indifference to the mentally ill, given their apathy towards the noble aspirations of the public interest bar and their indifference to the mentally ill, given that population’s lack of political clout.

Some might wonder if Neier is soft-pedaling the admittedly unintended consequences of the public interest bar’s victories. Here is perspective from a physician writing in 1977:

A large proportion of the chronically mentally ill—in some communities as many as a third or more of those aged 18 to 65—live in facilities such as board-and-care homes. These products of the private sector are not the result of careful planning and well-conceived social policy. On the contrary, they sprang up to fill the vacuum created by the rapid and usually haphazard depopulation of our state hospitals. Suddenly many thousands of former state hospital patients needed a place to live (emphasis added).

The website of Dr. E. Torrey Fuller’s Treatment Advocacy Center summarizes the effects of Wyatt v. Stickney somewhat differently from Neier:

Wyatt was the seminal case in achieving drastic deinstitutionalization of previously committed patients. Following [the] decision, there was similar litigation in a number of states, among them Louisiana, Minnesota, and Ohio. Rather than face costly court-imposed standards, some of them impossible to meet (Alabama’s efforts to recruit psychiatrists were unavailing), states rapidly emptied their hospitals. In the case of Alabama, the population at its state psychiatric hospitals was reduced by almost two-thirds between 1970 and 1975 (even while expenditures were increased by 327%). The Wyatt litigation was also significant in giving birth to the Mental Health Law Project (now known as the Bazelon Center for Mental Health Law)…. It became the ideological fulcrum of the mental health bar, further restricting involuntary treatment and creating and expanding the right to refuse treatment (emphasis added).

A 2002 Bazelon Center pamphlet entitled “Civil Rights and Human Dignity,” which summarizes the organization’s history, credits EMCF for the following support in the Center’s early years (when it was still known as the Mental Health Law Project): two years’ worth of start-up funding; funding for a feasibility study; and funding to pay a full-time development officer’s salary for one year.

In Deinstitutionalization’s Wake

In 1998, E. Torrey Fuller founded the Treatment Advocacy Center (TAC), “dedicated to eliminating legal and other barriers to the timely and effective treatment of severe mental illness. The organization promotes laws, policies and practices for the delivery of psychiatric care and supports the development of innovative treatments for and research into the causes of severe and persistent psychiatric illnesses, such as schizophrenia and bipolar disorder.”
individuals with serious mental illnesses on psychiatric hospital care. And many of this about 10% of the 560,000 beds in 1955, and of the nation's state hospital beds was only a huge success. By 2002, the number of the nation's state hospital beds was only about 10% of the 560,000 beds in 1955, and this figure continues to drop. States now spend more on community services than on psychiatric hospital care. And many individuals with serious mental illnesses now live successfully, integrated within their communities.”

The paper goes on, like Aryeh Neier, to lament that the manifest failures of deinstitutionalization can be blamed on political and bureaucratic decision-makers who never came through with the promised resources. On the other hand, Neier was at least willing to concede some “unintended consequences” to the litigation of the 1970s. Not so Bazelon.

**Being a Big Foundation Means“Never Having To Say You’re Sorry”**

Walter Olson, Cato Institute senior fellow, founder of the blog Overlawyered.com, and author of *Schools for Misrule: Legal Academia and an Overlawyered America* (among other works), takes a wide-angle view of Edna McConnell Clark Foundation’s work on deinstitutionalization and its collaboration with the ACLU. Olson’s informed perspective is invaluable for placing this aspect of the foundation’s work into a larger context.

In conversation with Capital Research Center for this article, Olson observed how far back the legal debate over the best care for the mentally ill goes, and how the changes that McConnell Clark helped to bring about form yet another chapter in a long-running debate. In Victorian England, Olson noted, some elected officials argued for a formal system of regular inspections of facilities for the mentally ill, administered by people who would be insulated from influence by those who ran such institutions. This was a response in part, Olson said, to efforts by judges to appoint individuals who would inspect these institutions and report back to the court on conditions; some in parliamentary circles felt a judicial inquiry-type approach did not go far enough.

More recently, Olson observed, “we’ve gone through some incredible assertions of psychiatric supremacy into various parts of life.

This has extended to handing down rules for how life should be ordered— including, obviously, for those among the mentally ill who were institutionalized. Those institutions where psychiatry was given great power—all the way up to the power to hold people against their will—provided reformers and critics [with procedures and processes] to question, as they began to take a hard look at what one might call ‘the empire of psychiatry.’ [The reformers were particularly concerned about] the rights of people who were swept into that empire’s power, so to speak,” through the practice of institutionalizing the mentally ill.

In the 1960s, Olson said, political and media attention began to focus more and more on various high-profile examples of certain abusive practices within institutions supposedly serving the mentally ill. Olson observed that some reform-minded critics of those institutions began to warm to the idea of public interest lawyers and law firms taking up the cause of institutionalized patients. “The people inside institutions were not necessarily in a position to speak for their own interests, and their relatives could not always be relied on speak for them,” Olson said. Public interest law firms like the ACLU, could fill the gap.

As this view took hold, the flurry of litigation in the 1970s proceeded, some of it funded by McConnell Clark and much of it involving the ACLU. “And now look where we end up,” Olson noted. “The temptations of

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Many thanks.

Terrence Scanlon
President

September 2013
power entice the public interest lawyers to call for the old institutions for the mentally ill to be closed down—but without considering whether this is the best outcome for everyone.”

“Yes, some [formerly institutionalized] people may be better off around family, but others may be afforded a higher quality of life through an institution.” Olson added that he himself feels “philosophically torn” on this point, and cautioned that no one side in the institutionalization versus deinstitutionalization debate necessarily has all the answers.

One result of the 1970s litigation, Olson said, is that “public interest lawyers have taken on a kind of inspection role over institutions for the mentally ill, but without being subject to any of the accountability that a government agency would face. We would not have designed this system on purpose, because it means that the inspection power has become in a way unaccountable, placed as it is in hands of the public interest lawyers. A formal inspection-based system, in contrast, would be subject to various oversight measures, including freedom of information requests, calls from legislators for the inspection agency head to testify about the agency’s record of findings, etc.” These checks and balances don’t exist where the public interest bar is concerned.

And for this shift, we have, in considerable measure, to thank McConnell Clark. Olson wryly observed that “being a big foundation means never having to say you are sorry. There are several ways to apply this. One is that you can have a big project that makes a major impact in some policy area, but unlike the players who have to deal with the side-effects, you can go on to another project. You don’t have to stick around; you don’t have to clean up the mess [that can follow], depending on how your philanthropic effort has worked out.”

Conclusions

In February 2003, then-foundation president Michael Bailin delivered a lecture at Georgetown University. He described the culture of McConnell Clark when he assumed his leadership role as one of “trying to reform huge, complex, entrenched, multi-billion-dollar public systems … [while] proceeding as if we had some independent leverage over social systems that had been many decades in the making—systems that were fortified by all the ramparts of bureaucracy and regulation, and thickets of intergovernmental agreements and contracts, and moats of public dollars. We were fighting battles that had tested the power and wealth of serial U.S. Congresses and presidencies. It was a battle of Homeric proportions fought with Lilliputian resources. How could we ever imagine that we could accomplish anything so significant in our lifetimes? And how would we even know if we did?”

Bailin said he came to recognize a “humbling but undeniable fact.” Namely, “foundations do not, in the main, make change in this society. Grantees do. That was not so clearly understood in the 1960s, but it is now—even if many who espouse that view don’t act like they believe it.”

Did Bailin intend some comment on the foundation’s involvement in the deinstitutionalization push of the 1970s? Likely not. Nor can we interpret his statement as a kind of indirect repudiation of the foundation’s role.

Bailin no longer works at McConnell Clark; he passed the reins to a successor, Nancy Roob. It would be pointless to ask foundation administrators who had nothing to do with funding choices of the 1970s to take responsibility (even symbolically) for decisions made long prior to their tenure. We might concede as well that even the trustees and foundation administrators involved did not realize what the outcome of those decisions would be.

But when a foundation’s grants lead to health policy outcomes with heavy negative consequences for a vulnerable portion of the population, as they did with deinstitutionalization, the question must be asked: What action should that foundation take to mitigate those negative effects?

Even if a foundation never has to say “sorry,” does it at least have to independently make amends by taking active steps to mitigate those negative outcomes?

EMCF’s focus on assisting at-risk youth is commendable. But it would be even more commendable for EMCF to take a good, hard look at the fruits of deinstitutionalization and its role in bringing it about—and to find some way, even modestly, to mitigate the “unintended consequences” of its funding decisions.

Neil Maghami, a freelance writer, is a frequent contributor to CRC publications.

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We extend our condolences to the family of Peter Flanigan, who died recently at the age of 90 after leading what National Review rightly calls “an amazing life.” Mr. Flanigan, a pillar of Wall Street, was a leading philanthropist for decades. After graduating summa cum laude from Princeton and serving as a decorated fighter pilot in World War II, Flanigan came to Dillon Read on Wall Street. He was also active in politics, taking time out to assist Richard Nixon and serving as Special Assistant to the President for international economic affairs.

In addition to his generous personal giving, which we’re honored to say included support for our work, his philanthropic legacy also includes his leadership at institutions like the Thomas W. Smith Foundation and the John M. Olin Foundation—the latter one of America’s outstanding philanthropic success stories.

The greatest crusade of Flanigan’s life was his pioneering of school choice. As the Wall Street Journal eulogized, “Peter Flanigan used his political skills and personal fortune to put in motion a small movement that has since grown into an army of benefactors working across the U.S. to give the country’s poorest kids an educational break. In time, he was joined by the likes of Ted Forstmann and John Walton, who put their fortunes behind the Children’s Scholarship Fund. Among hedge-fund operators, the goal of better alternative inner-city schools has become virtually an industry-wide cause.”

A board member of the Alliance for School Choice, Flanigan earlier founded Student Sponsor Partners, which for a quarter-century has provided privately funded school vouchers in New York and helped thousands of disadvantaged children graduate from high school and attend college. His own giving to his beloved St. Ann’s Roman Catholic School in East Harlem was in the hundreds of thousands. Even the New York Times had to admit that “his visits there were appreciated. ‘I want to make something of myself,’ Lawrence King, a seventh grader, told the Times…. ‘It’s important to have someone to look up to.’”

“Most of America’s children are free,” Flanigan told a Manhattan Institute audience a few years back, “but tragically, many of its most needy and vulnerable children remain in educational bondage…. What we have not tried is freedom. Freedom for poor parents to choose the schools that they think are best for their children.”

We salute Peter Magnus Flanigan’s unstinting devotion to freedom for all Americans, and send our thoughts and prayers out to his widow, Dorothea von Oswald; his daughters, Sister Louise Marie, Brigid, and Megan; his sons Tim and Bob; and his 16 grandchildren.
The high-profile William J. Clinton Foundation, which runs the Clinton Global Initiative, a glitzy annual meeting of chief executives, heads of state, and celebrities, is a hotbed of corruption and incompetence, according to a surprising New York Times exposé. The 12-year-old presidential foundation has become “a sprawling concern, supervised by a rotating board of old Clinton hands, vulnerable to distraction and threatened by conflicts of interest … [and] ran multimillion-dollar deficits for several years, despite vast amounts of money flowing in.” Hillary Clinton, who is widely expected to run for the U.S. presidency in 2016, will use the foundation’s offices in Manhattan as an unofficial campaign headquarters. The charity was recently renamed the Bill, Hillary & Chelsea Clinton Foundation.

Northwestern University will pay $3 million to resolve claims that one of its cancer researchers used federal grant money for personal expenses from 2003-2010, the Wall Street Journal reports. The school claims to have cooperated with authorities but did not admit wrongdoing. The researcher, Charles L. Bennett, was co-director of the Robert H. Lurie Comprehensive Cancer Center at Northwestern. He left in 2010 and is now director of the Center for Medication Safety and Efficacy at the South Carolina College of Pharmacy. Bennett also denies wrongdoing.

Independent Sector, a left-of-center trade association for nonprofits, is unhappy with a proposal from religious leaders to reduce restrictions on political activity by churches and other nonprofits, according to the Chronicle of Philanthropy. The move to lower political restrictions was suggested by a panel advising Sen. Charles Grassley (R-Iowa) on tax issues that affect religious organizations. Independent Sector says such a change could “undermine the public trust in these charitable organizations and do more harm than good.” Independent Sector president Diana Aviv said allowing charities to back candidates for office “would drag the charitable sector into the morass of political activity, driving a nail into the coffin of its integrity and credibility.” Michael Batts, who heads the 14-member Commission on Accountability and Policy for Religious Organizations that produced the proposal, said it is “both disturbing and chilling that the federal government regulates the speech of religious and other organizations dedicated to improving the lives of people.”

Centre College in Danville, Ky., has received a gift of stock valued at $250 million from the A. Eugene Brockman Charitable Trust, thought to be the largest outright gift ever made to a liberal arts college. The stock is from the closely held company Universal Computer Systems Holding Inc. The gift doubles the small college’s endowment, according to its president, John Roush. Centre College hosted the national vice-presidential debates in 2000 and 2012.

The Commodity Futures Trading Commission has subpoenaed Goldman Sachs as part of a continuing probe into complaints about inflated metals prices. “The U.S. commodities market regulator has subpoenaed a metals warehousing firm, seeking all of its documents and communications related to the London Metal Exchange since January 2010, as an inquiry into complaints about inflated metals prices gathers steam,” Reuters reports. The legal action suggests the futures regulator is ramping up enforcement in response to statements from industrial users of metal, such as Coca-Cola Co., which claims that warehousing firms have been artificially boosting metal prices by restricting the flow of metal out of their facilities.