CRC CAPITAL RESEARCH CENTER

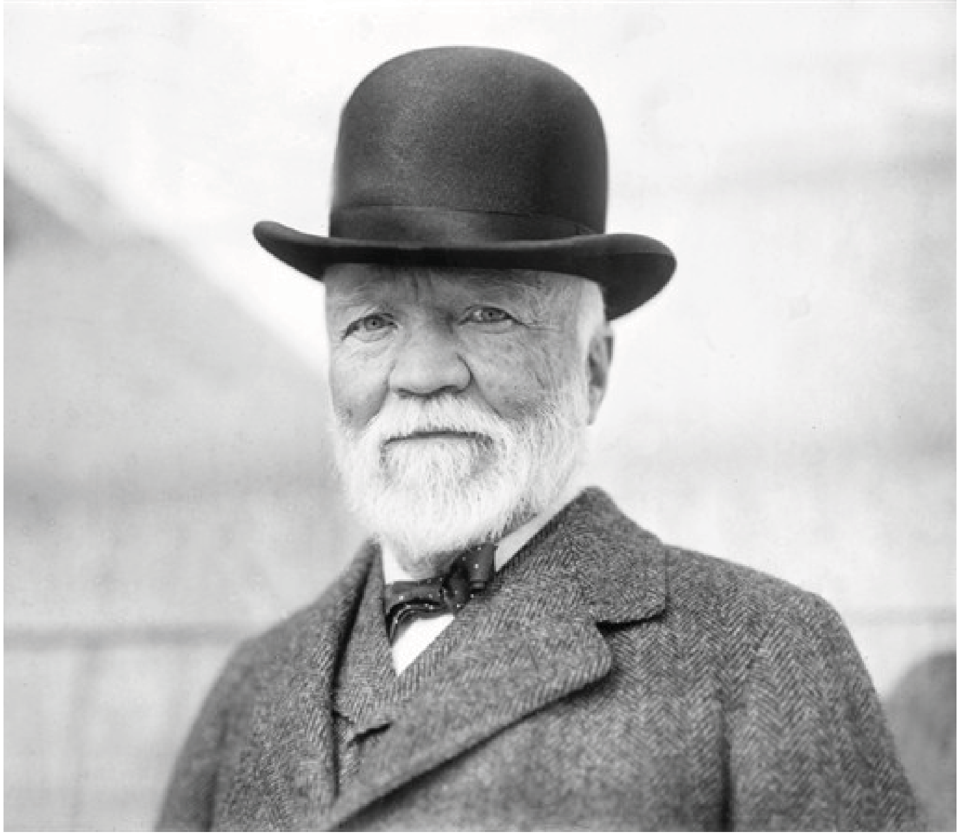
Foundation Watch

The Carnegie Corporation of New York

From building libraries to undermining American society

By Kirk MacDonald

***Summary**: The Carnegie Corporation is the largest single philanthropy created by Andrew Carnegie, whose own life is a tribute to the possibilities of the American dream. Yet thanks to the lack of guidance Carnegie gave the Corporation, it soon betrayed his own views and began eroding the very system that made his success possible.*


Legendary philanthropist Andrew Carnegie

Famed steel entrepreneur Andrew Carnegie founded the Carnegie Corporation of New York in 1911. The enterprise was such a labor of love for the self-made man that one of his trustees, Henry S. Pritchett, later joked that Carnegie had "simply incorporated himself." Though called a corporation, it was a grant-making institution that today would be called a foundation.

Its total assets as of Sept. 30, 2011, were $2.5 billion, and that fiscal year it made a total of 258 grants worth $93.2 million, according to the latest financial information available at www.carnegie.org. From its original endowment of $135 million (roughly $2 billion in current U.S. dollars), the Corporation has provided grants totaling over $1.4 billion.

The Carnegie Corporation's current president is Vartan Gregorian, who previously served as president of the New York Public Library and of Brown University. In 2010, WND.com reported that while at Brown, Gregorian served on the selection committee of the Annenberg Foundation, which funded activist Bill Ayers's Chicago Annenberg Challenge with a $49.2 million, two-to-one matching challenge grant over five years. WND also reported Gregorian was "central" in Ayers's recruitment of Barack Obama to serve as the project's first chairman. In 2009, President Obama named Gregorian to the President's Commission on White House

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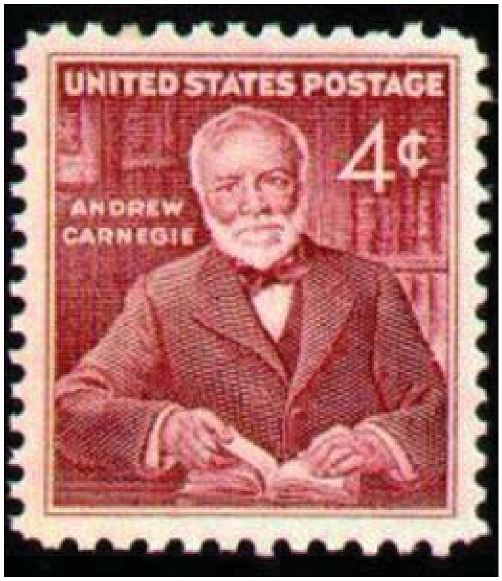
Fellowships. Gregorian has received honors and awards from Obama's predecessors, too, including the Presidential Medal of Freedom from President George W. Bush.

While the Carnegie Corporation undoubtedly supports many worthwhile humanitarian and educational causes, it also funds a variety of left-wing groups. According to DiscoverTheNetworks.org, past grant recipients include the Alliance for Justice; the American Civil Liberties Union; the Association of Community Organizations for Reform Now (ACORN); the Brookings Institution; the Center for Community Change; Citizen Action; the Center on Budget and Policy Priorities; the Cornell University Peace Studies Program; Democracy Matters Institute; Demos: A Network for Ideas and Action; Duke University; the Earth Day Network; the Economic Policy Institute; Human Rights Watch; the Immigrant Workers Citizenship Project; the Interfaith Education Fund; the Lawyers' Committee for Civil Rights Under Law; the League of Women Voters Education Fund; the Mexican American Legal Defense and Education Fund; the National Association for the Advancement of Colored People Legal Defense and Education Fund; the National Committee for Responsive Philanthropy; National Council of La Raza; National Public Radio; National Urban League; the Natural Resources Defense Council; the Neighborhood Funders Group; the Paul Robeson Foundation; People for the American Way; the Ploughshares Fund; Project Vote; the Proteus Fund; the Public Broadcasting System; Public Citizen; the Puerto Rican Legal Defense and Education Fund; Rock the Vote Education Fund; the Rockefeller Family Fund; the Tides Foundation and the Tides Center; the Union of Concerned Scientists; the Urban Institute; the U.S. Public Interest Research Group; and the William J. Brennan Jr. Center for Justice.



By bankrolling so many organizations, Carnegie involves itself (and its sister organizations) in trendy causes such as promoting feminism and affirmative action for women in Africa through its International Development program, attacking critics of illegal immigration, and combating so-called climate change.

Reading through the Carnegie Corporation's 2011 annual report, one quickly gains a sense of its liberal, globalist, and Big Government worldview. For example, a $400,000 grant to The Project on Government Oversight Inc. is justified this way: "as a series of recent events have shown—the economic collapse, the Deep Horizon oil spill and the Bernard Madoff scandal among others—a lack of transparency and accountability, coupled with the weakening of government oversight offices, has perpetuated a surge in antigovernment sentiment among the public."

As a champion of free enterprise and classical liberalism, it's difficult to imagine Carnegie, the "Star-spangled Scotchman," endorsing any of these initiatives, yet he himself allowed the trustees of his foundation to use their best judgment in grantmaking after his death. In that sense, those who claim the Carnegie Foundation has betrayed the intentions of Andrew Carnegie are somewhat off the mark.

Origins and Sister Organizations

On the surface, it's no surprise the American Left would remember steel magnate Andrew Carnegie (1835-1919) simply as a "robber baron," or worse. Born in Scotland, Carnegie's family arrived in Allegheny, Pennsylvania in 1848, where Andrew began his career as a bobbin boy in a cotton factory at the tender age of 13. Working hard, he eventually moved from Western Union messenger boy to superintendent of the Western Division of the Pennsylvania Railroad. From there, Carnegie invested in a new company to manufacture railway sleeping cars and expanded his business interests to include the building of bridges, locomotives, and rails, and the manufacture of steel. At the age of 65, Carnegie sold his considerable empire to banker J.P. Morgan for the then-incredible sum of $480 million.

But that's simply a surface-level view of the Gilded-Age tycoon. His father, William

Editor: Matthew Vadum

Publisher: Terrence Scanlon

Foundation Watch
is published by Capital Research Center, a non-partisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

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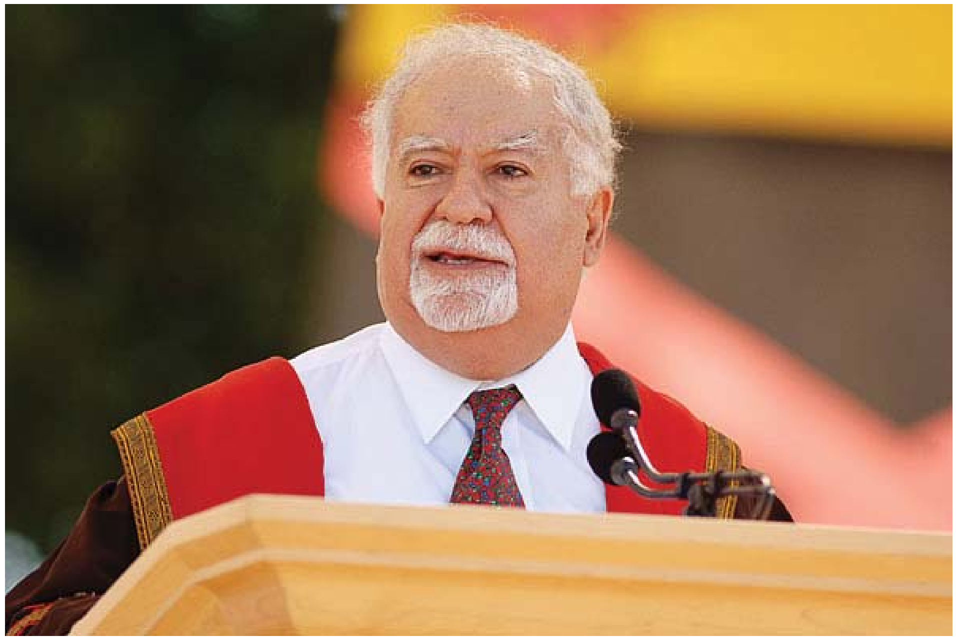
Organization Trends welcomes letters to the editor.

Reprints are available for $2.50 prepaid to Capital Research Center.

Carnegie, was a local Scottish leader of the Chartist movement (a very loose organization of radical reformers who called for universal manhood suffrage and better conditions for the working classes). Similarly, Carnegie the self-made American was hardly the greedy reactionary presented by muckraking journalists and labor union leaders of the time. In an 1889 essay titled, "The Gospel of Wealth," Carnegie was one of the first to claim the rich have a moral duty to redistribute their wealth. In his words: "the man who dies leaving behind him millions of available wealth, which was his 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 then be: 'The man who dies thus rich dies disgraced.'"

Carnegie received much of his childhood education from reading in the local library; so much of his early philanthropy focused on advancing public knowledge. Carnegie donated more than $56 million to build 2,509 libraries in the English-speaking world; most of the American ones remain open to the public. By the time he died, Carnegie had given away over $350 million and created a number of legacy projects, including:

*Carnegie Hall, a concert hall in New York City
*The Carnegie Institution, an organization created "with the purpose of celebrating art, science, music and literature"
*Carnegie Mellon University in Pittsburgh, Pennsylvania
*The Carnegie Trust for the Universities of Scotland
*The Carnegie Institution of Washington, a scientific research facility
*The Carnegie Dunfermline Trust to benefit the residents of Carnegie's birthplace
*The Carnegie Hero Fund Commission to provide medals and money to those who are injured saving others
*The Carnegie Foundation for the Advancement of Teaching, which pioneered pensions by creating TIAA/CREF
*The Carnegie United Kingdom Trust, a fund that has provided support for a wide variety of community services in Great Britain
*The Carnegie Council for Ethics in International Affairs (now the Carnegie Council on Ethics and International Affairs)
*The Carnegie Endowment for World Peace.


Carnegie president Vartan Gregorian in a 2006 photo

This last organization bears some responsibility for America's growing vulnerability to North Korean missiles. According to Gregorian, in 1983 the Corporation joined forces with its sister organization, the Endowment for World Peace, to sabotage the Reagan administration's push for a Strategic Defense Initiative. "The Corporation expanded and formalized its anti-war program, calling it Avoiding Nuclear War," wrote Gregorian in a 2003 Letter From the President, adding that the studies funded by the sister organizations changed the tone of the debate, effectively killing any chance of developing a missile defense system during Reagan's term.

And the Carnegie Institution of Washington (which is actually situated on both coasts) appears to take a strong interest in global warming/climate change. Conspiracy theorists were undoubtedly unnerved by a couple of news stories generated by the science-based tentacle of the Carnegie octopus: In 2011, a Carnegie Institution research project appeared to praise Genghis Khan and his Mongol horde for allowing forests to re-grow (at the cost of 40 million lives) and scrubbing 700 million tons of atmospheric carbon.

Last year, a researcher at the Institution suggested that releasing sulphate aerosols into the atmosphere could theoretically offset global warming by reflecting more sunlight away from the Earth, and transforming our sky from blue to a hazy white. (In fairness, the researcher didn't say such particles should be released—just that it could be done).

The Carnegie Corporation Shifts Gears

The Carnegie Corporation of New York continued to fund library construction and the purchase of church organs up until 1919, when it shifted towards training librarians with the American Library Association. In *The Politics of Knowledge*, Ellen Condliffe Lagemann argued the Carnegie Corporation began to shift gears around this time after one of the Corporation's trustees, Henry S. Pritchett, commissioned a study from a leftish Cornell professor on ways to "reform" funding for libraries. The study recommended funding experts in library science rather than constructing new libraries. According to Lagemann, another trustee, James Bertram, was infuriated by the report, which he felt went against Carnegie's original intentions.

A focus on spreading library science would supposedly lead to "advancing popular intellectual progress," by which the professor seemed to mean that "experts" could enlighten the masses. Bertram, the lonely dissenter on the board, countered that the proposal violated Carnegie's clear intention "to give libraries to communities and [to] leave the communities absolutely free to manage them any way they might see fit." That was sufficiently true that the board couldn't give explicit approval to the proposal, but it soon used the excuse of World War I to end all funds for building libraries. Although Carnegie had intended library patrons to see themselves as "joint proprietors" of the local community institutions he seeded, the Cornell professor "envisioned library readers becoming 'clients' of the expert librarians they would hire," Lagemann explains.

Around this time the Corporation began to expand upon Carnegie's interests by deferring to the experts it consulted. But again, it's difficult to blame subsequent trustees of the Corporation for abandoning Carnegie's original intentions for a simple reason: he gave them authority to do so.

Unrepentant terrorist Bill Ayers has received Carnegie funding

Using their own judgment, Carnegie's successors (the most notable being Frederick M. Keppel, who served as president from 1923-1941, Charles Dollard from 1948-1955, John W. Gardner from 1955-1967, Alan Pifer from 1967-1982, David Hamburg from 1982-1997, and Gregorian from 1997 to the present day) promoted greater use of standardized testing in education and helped to create such organizations as the National Research Council and the National Bureau of Economic Research. Under Pifer, much of the Corporation's activities consisted of "developing blueprints for federal action," according to Lagemann. Carnegie grants led to the creation of the Head Start program, and a major report from the Carnegie Corporation laid the groundwork for the Public Broadcasting Act of 1967. (Fans of Cookie Monster, Elmo, and Big Bird may be interested to know that Carnegie Corporation underwrote "Sesame Street's" development.)

On the 100th anniversary of the Corporation's founding, Leslie Lenkowski, a professor of public affairs and philanthropic studies at Indiana University, wrote that by the 1960s, the Carnegie Corporation "threw its weight (and funds) behind helping government overcome the limitations of philanthropy." Although Carnegie, in Lenkowski's words, saw "philanthropy as an alternative to government, preventing the potentially harmful growth of the public sector in response to the perceived injustices produced by the economic system," he supported government action when he believed it to be economically beneficial.

In 1972, the Carnegie Corporation financed a report titled, "Inequality: A Reassessment of the Effect of Family and Schooling in America." The report looked at low-income and minority children and came to the rather startling conclusion that many of the programs the Corporation and governments favored were not making much of a difference in fighting poverty. If the goal was to help people in need, much more direct means of redistributing wealth would be required. As the report's main author, Christopher Jencks phrased it, America needed more of "what other countries usually call socialism."

Similarly, a 1977 Carnegie-financed study, "All Our Children: The American Family Under Pressure" claimed that poor and minority families face a "stacked deck" against them in America's economic system. The authors didn't mention Andrew Carnegie, who somehow managed to lift himself from poverty despite the "stacked deck," but they did call for bigger investments in health and social services, along with a full-employment job strategy and more money for income supports.

Lenkowski argues that by looking to social scientists for direction, it was probably inevitable the Carnegie Corporation would acquire the biases and worldviews of academics.

Moreover, the meaning of liberalism changed considerably from the nineteenth century to the twentieth. “Throughout the 20th century, the older liberalism of Herbert Spencer and others that so influenced Andrew Carnegie grew less and less fashionable,” Lagemann writes. “A new kind of liberalism, one more critical of established institutions and more inclined to see those left behind as victims of them, became dominant. The Carnegie Corporation’s history is a reflection of that transformation, even as Andrew Carnegie’s own life is, ironically, a refutation.”

A Couple of Historical Embarrassments: Apartheid and Eugenics

While conservatives take issue with many of the Carnegie Corporation’s current and past projects, the men and women of the organization are undeniably proud of its record—with two notable exceptions: one of its studies inadvertently laid the groundwork for the racist apartheid system in South Africa, and the Corporation helped fund at least some of the forced sterilization of nearly 7,600 people in North Carolina from 1929 to 1974.

The first of these embarrassments dates back to 1929, when social scientists working for the Carnegie Commission on the Poor White Question in South Africa (better known as the Carnegie Poor White Study) traveled across South Africa in a Model T Ford interviewing poverty-stricken Afrikaner hunters, sharecroppers, and landless farmers. Released in 1932, the resulting study led the government to devote greater resources to combat poverty (among whites).

The Poor White Study also called for the segregation of white and black workers, and for whites to be given lands that would be taken from native South Africans. Hendrik Frensch Verwoerd, South Africa’s prime minister from 1958 to 1966, often used the Carnegie Corporation’s report as a justification when his National Party imposed its hated apartheid system on the country’s black majority.

A Carnegie-funded report seemed to praise mass-murdering Genghis Khan (1162? - 1227) and his Mongol horde for allowing forests to re-grow (at the cost of 40 million lives) and scrubbing 700 million tons of atmospheric carbon.

In fairness, the Carnegie Corporation has a long history of supporting African-American colleges in the South, and Carnegie himself was a strong supporter of Booker T. Washington and his Tuskegee Institute. And from 1982 to 1984, the Corporation undertook a second, massive investigation into poverty in Southern Africa, this time focusing on the problems faced by its indigenous people.

The Corporation’s infatuation with trendy social science also led it to play a role in eugenics-based forced sterilizations in the early twentieth century. According to William A. Schambra of the Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal, several major philanthropies, including the Carnegie Corporation of New York and the Carnegie Institution of Washington (a nonprofit created to advance scientific research), funded the establishment of a medical genetics program at the Bowman Gray (now Wake Forest) School of Medicine in North Carolina. The program was led by Dr. William Allan, a “devout eugenicist, determined to reduce the supply of ‘defectives’ by ‘eugenic measures systematically applied by organized medicine.’”

Eugenics was not a hard sell at the Carnegie Corporation. A trustee at the time, Frederick Osborn, actually wrote in *A Preface to Eugenics* that “the inexcusable process of allowing feebleminded persons … to reproduce their kind is on the way to being checked in a number of states in which such persons may be sterilized."

Schambra adds that eugenics might have appealed to the Carnegie crowd because it offered the appearance of providing a cure for the "root cause" of social ills. Carnegie himself blasted the "indiscriminate charity" of previous attempts at giving. In his mind, money was often "spent as to encourage the slothful, the drunken, the unworthy," without dealing with the underlying causes of those issues. Carnegie money almost certainly made a difference. A 2002 investigative report into the sterilization program by the *Winston-Salem Journal* concluded that eugenics would never "have risen above ignorant rants without the backing of corporate philanthropic largess."

Schambra argues that both the Carnegie Corporation of New York and the Carnegie Institution should offer public apologies. The Corporation acknowledged that its three grants totaling $39,000 to the Bowman Gray School of Medicine "do not reflect Carnegie Corporation's core value as we know it: the dignity of each individual in a democracy." But the Carnegie Institution merely commented that its involvement in genetics ended in the late 1930s and that it had no idea if there had ever been a Carnegie apology for being "involved in this dark period in the history of science."

Building "democracy"

Born in Tabriz, Iran, Gregorian is an ethnic Armenian (and Christian) who came to the United States in the 1950s to launch an academic career. Under his leadership in the aftermath of the September 11th tragedies, the Carnegie Corporation developed initiatives to improve Americans' understanding of Islam and Muslim societies, mostly by promoting education and scholarly research. The Corporation's 2011 report mentions grants to a number of universities under its "Islam Initiative," including $100,000 to the University of Southern California "as a final grant for building the capacity of Muslim Leadership in America through programs at the American Muslim Civic Leadership Institute."

According to WND.com, Gregorian is "closely tied" to Imam Feisal Abdul Rauf, the American Islamic leader who wanted to establish the infamous "Ground Zero Mosque" close to where the September 11 attacks took place in Lower Manhattan. Carnegie reportedly provided funding to Rauf's American Society for Muslim Advancement, as well as to the society's partner organizations, Search for Common Ground and the United Nations Alliance of Civilizations. Still, the Islam Initiative may now be defunct; the Corporation's website says on the Initiative's webpage: "*Please note: This program area has concluded its grantmaking.*"

Far more worrisome to the free exchange of ideas, a principle that Andrew Carnegie cherished, would be its so-called "Democracy and Civic Integration" program, which has been used to attack critics of open immigration policies. The 2011 annual report cites a $2 million grant to America's Voice Education Fund and brags, "in the two years since its founding, America's Voice Education Fund has moved quickly to fill a need for ***faster and edgier communications work*** in the immigration reform movement, and its innovative strategies have helped to influence media coverage of the issue in new ways. Working with state, local and national advocates, America's Voice now serves as the voice of the immigration reform movement, ***capable of going on the offense*** and creating the political space for good policy development and implementation" (emphasis added).

One of the most outspoken critics of the Carnegie Corporation's Democracy and Civic Integration program is Jerry Kammer, a Pulitzer Prize-winning journalist and a senior fellow at the Center for Immigration Studies, which bills itself as "low-immigration, pro-immigrant." In a March 2011 report ("The Carnegie Corporation and Immigration: How a Noble Vision Lost Its Way"), Kammer acknowledges that while the Carnegie Corporation funds many "admirable efforts to help naturalized immigrants participate in the civic life of the nation," its "activism on behalf of illegal immigrants has taken on such a strident, polarizing and partisan character that it betrays the mission it received from its benefactor, legendary steel baron and Scottish immigrant Andrew Carnegie." In fact, the Corporation's activism has led it to fund "smear campaigns" against organizations that dissent from so-called comprehensive immigration reform and amnesty, including the Federation for American Immigration Reform (FAIR), NumbersUSA, and the Center for Immigration Studies.

In December 2007, the far-left Southern Poverty Law Center designated FAIR as a "hate group." (For more on the SPLC, see the October *Organization Trends*.) According to Kammer, the immigrant pressure group America's Voice used this "made-to-order smear" to join with the Service Employees International Union (SEIU) and the Chicago-based Center for New Community (another Carnegie grant recipient) to purchase fullpage ads in *Politico* and *Roll Call* bashing FAIR and warning congressional members and staff against meeting with the group.

Kammer believes the Carnegie official most responsible for immigration-based grant-making is Geraldine Mannion, who still heads the Carnegie Corporation's Democracy and Civic Integration program. Mannion responded to questions from Kammer with the following written response: "the Carnegie Corporation of New York unequivocably supports the provision of a pathway to citizenship for immigrants and assistance to help new arrivals fully participate in the civic, social and economic life of their communities.… All our immigrant integration work is rooted in this belief."

Conclusion

The Carnegie Corporation of New York under the leadership of Vartan Gregorian is a very different organization from Andrew Carnegie's creation more than a century ago. Carnegie may have been an immigrant himself, but it's doubtful he would have approved of his foundation's funding smear campaigns against immigration critics, let alone advocating for policies that other countries would call "socialist."

His story is a cautionary tale for today's donors, who should either "give while they live" or avoid Carnegie's mistake of allowing trustees the authority to use their "own judgment" in awarding grants. Far better for donors to stipulate their intentions clearly, and it's also wise for donors to set a strict time limit for their foundations to continue in existence. Otherwise, donors will end up like Carnegie, with their funds going to projects they would vehemently dislike. How sad the Star-spangled Scotchman would likely be to see the way his trustees failed to live up to the high hopes he invested in them.

Kirk MacDonald is a Canadian freelance writer and occasional Capital Research Center contributor with a master's degree in Political Science from Toronto's York University. MacDonald previously wrote about Wal-Mart's politically oriented philanthropy and the Occupy Wall Street movement for CRC.

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PhilanthropyNotes

Influential House Ways and Means Committee member Rep. **David Reichert** (R-Wash.) told the *Chronicle of Philanthropy* he opposes putting a cap on the charitable deduction because doing so "would negatively affect giving." President **Obama** has proposed placing a 28-percent ceiling on the deduction, but such a limit would have the effect of "raising taxes and therefore raise revenue to pay for government spending," Reichert says. "I think that the money is better off in private hands."

Rep. **Tom Petri** (R-Wisc.) introduced legislation that would give volunteers who drive their own cars to do charity work the same tax benefits for mileage reimbursements as people who drive as part of their paid jobs at a business. The proposed "Charitable Driving Tax Relief Act" would also scrap the rule that charities report mileage reimbursements to the **Internal Revenue Service**.

The Chinese government announced it will allow charities, business associations, and some other non-state entities to assume greater roles in dealing with that nation's environmental problems and social ills. This is a policy reversal, because China has typically treated independent nonprofit entities—especially foreign entities—with suspicion. **Li Liguo**, civil affairs minister, said many nonprofits will no longer be forced to find a government sponsor to seek the official registration necessary to operate legally, raise money in China, and qualify for tax breaks.

The **Direct Marketing Association** blasted **Charity Navigator** for using new nonprofit ratings it claims are "suspect and lack credibility." The issue is Charity Navigator's "decision to challenge a longstanding accounting practice that allows nonprofits to count some money they spend on activities that involve fundraising, like direct mail or telemarketing campaigns, as program costs on their financial statements or [IRS] Form 990 tax filings," the *Chronicle* reports. Charity Navigator says the accounting practice permits some groups to conceal high fundraising costs. DMA says it hopes to develop a system that offers a better snapshot of an organization's effectiveness beyond the basic calculation of fundraising costs divided by revenue.

Former Detroit Mayor **Kwame Kilpatrick**, a Democrat, now faces a possible 20-year prison term for bribery, extortion, and racketeering. A homeless shelter operator's donation to the then-mayor's **Kilpatrick Civic Fund** in exchange for a political favor led to a federal probe that found Kilpatrick diverted hundreds of thousands of dollars from the charity to personal and political use.

No snickers: The **Council on Foundations** has invited Chicago's Democratic mayor **Rahm Emanuel** to speak on "Building Safe Communities" at the Council's 2013 Annual Conference. What's next, a DC mayor to discuss ethics in government? A San Francisco mayor to speak on low taxes? A Detroit mayor to discuss economic growth?

Goldman Sachs WATCH

The U.S. Supreme Court refused to consider an appeal by Goldman Sachs Group Inc. in an investor lawsuit involving mortgage-backed securities that lost value during the financial crisis of 2008. The high court left undisturbed an appeals court ruling that had favored the NECA-IBEW Health and Welfare Fund, an electrical workers' pension fund. Goldman had argued that sustaining the appellate court decision could cost Wall Street tens of billions of dollars.