

The Wall Street Journal

November 18, 2005

TASTE

Only Encouraging Them

By **JAMES PIERESON***November 18, 2005; Page W13*


Students at Yale University's School of Music -- and aspiring musicians hoping to go there someday -- must have been jumping for joy two weeks ago when the school announced that it had received an anonymous \$100 million endowment gift that would guarantee them all free tuition. A few days later Tufts University, not to be outdone, announced that it had received its own \$100 million gift. This one was from Pierre Omidyar, alumnus and founder of eBay, who did not specify how his money was to be used, only that the principal must be invested in "micro loans" to small business enterprises in poor countries in Asia and Africa.

It all sounds high-minded and worthy. But is it a good idea? Foundations, corporations and rich individuals have long given generously to colleges and universities. Some of our most distinguished -- Duke, Vanderbilt, Stanford and the University of Chicago -- were originally endowed by entrepreneurs or wealthy families. In a recent study, the Institute for Jewish and Community Research reported that nearly 60% of all gifts of more than \$10 million are donated to academic institutions. And the Chronicle of Higher Education reports that Americans last year contributed some \$25 billion to colleges and universities. Is it any wonder that many academic institutions are sitting on vast repositories of endowed wealth? Today there are more than 50 institutions with endowments exceeding \$1 billion.

Yet this explosion of money has been accompanied by a steady erosion in the quality of education, especially in the humanities. Many research organizations, including the Intercollegiate Studies Institute and the National Association of Scholars, have documented the elimination of the traditional core curriculum at most of our leading universities. We can no longer assume that college graduates possess even a rudimentary knowledge of history, for instance, or that they understand basic concepts like federalism or the separation of powers or, indeed, that they know about the ideas and events that have shaped our institutions. All this great wealth, donated with the best of intentions, appears to have had the perverse effect of liberating academic institutions to do a less than admirable job of educating the young.

And what do the young learn when they do learn? Entrepreneurs may give generously, but college faculties are today awash in antibusiness and anti-free-market prejudices, with scholarly publications beating the drum against globalization and the supposed depredations of capitalism. Not many faculty members would agree precisely with Ward Churchill, the University of Colorado professor who said that the victims of the

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terrorist attacks on the World Trade Center deserved their fate because they were working on behalf of the capitalist system. But, terrorism aside, his low opinion of America's economic system does not wildly diverge from that of professors everywhere. Meanwhile the diversity ideology so common on campuses today holds that the history of the U.S. is primarily one of exclusion and oppression, another Ward Churchillian theme.

All this is roughly quantifiable. A recent national survey of college faculty showed that 72% of professors held liberal and left-of-center views, while just 15% held conservative ones. This imbalance, surveys show, has grown worse since the early 1980s. It is a strange paradox indeed that academic opinion should have moved so far to the left in a period of unprecedented wealth and prosperity for colleges and universities themselves -- let alone in a period of capitalism's triumph and communism's defeat.

Here is where the charitable giving comes in. These trends have taken hold in academia in part because too many donors have failed to exercise appropriate care when signing over their funds. Most donors have little understanding of the intricate workings of academic budgets or of the subterfuges that permit money to be spent on programs unrelated to intended purposes. (A little Economics 101 might help.) The anonymous donor to Yale earmarked the income from his gift to support student tuitions, but of course money is fungible: The gift will have the unintended effect of allowing Yale to move the substantial funds it now devotes to financial aid and to spend them on other purposes, possibly unrelated or antithetical. Many gifts to universities have this money-shifting effect.

Donors are often unaware that they are entitled to set aside their money for purposes of their own choosing, not just established categories. As former Yale provost Frank Turner has said: "Donor restrictions can call institutions of higher education to fulfill their highest ideals." A few diligent philanthropists, like publisher Philip Merrill and investor Sir John Templeton, craft careful agreements with universities before any checks are signed and then monitor their gifts regularly.

The American Council of Trustees and Alumni has published a short book, "The Intelligent Donor's Guide to College Giving," that lays out some basic ground rules for donating to higher education. These include placing clear restrictions on gifts, working with a particular professor (and, if possible, bypassing the development office) and avoiding endowments in perpetuity. As Sir John Templeton wisely said: "If you're giving while you're living, you're knowing where it's going."

Obviously, this sort of due diligence does require time and effort on the part of the donor, But if even a few more philanthropists were watching where their funds ended up, college officials would surely monitor their programs more carefully. There have been a few celebrated cases in recent years in which donors have asked for their funds to be returned after discovering that they were misused, and these cases have sent a shudder through the academic community.

In 1991, for example, Lee Bass donated \$20 million to Yale to support a curriculum in Western Civilization but asked for (and received) his money back four years later when he discovered that Yale's faculty had little interest in teaching such courses. Princeton University may be ordered to return nearly \$600 million to the Robertson family, which endowed a program a generation ago to train students for public service. In recent decades, it is alleged by the family, the university lost interest in this purpose but continued to spend the money anyway.

Just last week, a professor at Florida State University, Robert Holton, sued to get back some of the tens of

millions of dollars that he earned from a drug patent and donated to the school for a new synthetic chemistry laboratory. The university simply scrapped plans for the building. "We're filing this lawsuit to save the university from itself," said Mr. Holton in a recent interview. Words for every donor to live by.

Mr. Piereson is executive director of the John M. Olin Foundation.

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