

CHARITABLE DONATIONS: November 6, 2007

# Judge's decision makes it one up for the donors

The Foundation Management Institute (FMI) lets out what can only be described as a screech of joy. The cause? "Judge Neil Shuster (of Trenton, N.J.) ruled that the Robertson family is entitled to its day in court. At issue is control of the family's donations to the Robertson Foundation — a fund now approaching \$900 million."

The point of the suit: William Robertson maintains that his parents, Charles and Marie Robertson, gave the money to the Woodrow Wilson School of Public and International Affairs specifically to train students to work for the U.S. government. Princeton claims that the Robertsons gave Princeton the money, period.

THE FMI'S BULLETIN goes on to quote brief summaries of the meaning of the Robertson decision. A story in the *Washington Post* is headlined, "Exact-ing Donors Reshape College Giving." Joe Bull, a development official at Ohio State, is quoted: "(Donor activism is) a wave that is coming and coming fast." The Robertson decision has sent "chills down administrators' spines."

The Associated Press cited Martha Dean, head of development at Bryn Mawr: "I wouldn't say it has scared us (but) we certainly have observed it and

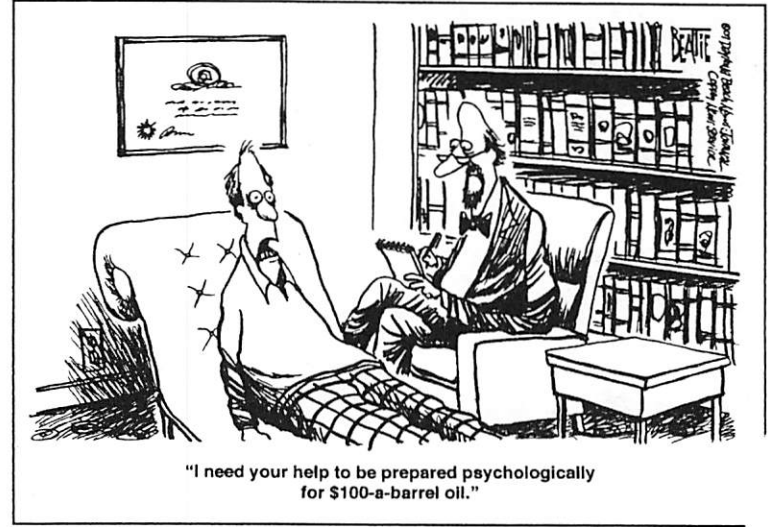
thought, 'There but for the grace of God ...'" Robert Lindgren, former head fundraiser at Johns Hopkins, is quoted as saying that the Robertson case has "served as an important wakeup call." And the *New York Times*, after examining scores of U.S. foundations, published an article whose headline says it all: "Donors

Gone, Trusts Veer From Their Wishes."

While the details are different in the current season, the problem of

the misuse of donors' gifts is far from new. This critic wrote about the question for the *Freeman* magazine back in 1954. The contentions in that case were very pointed. When the A.P. Smith Co. gave \$1,500 to Princeton University, a dissenting stockholder sued. What, he demanded to know, goes on at Princeton that has to do with the health and welfare of A.P. Smith, which manufactures valves and hydrants?

It's this simple, Princeton argued. In order for A.P. Smith to prosper, it has to work in a free-market society in which profits are solicited, not scorned. A witness for Princeton was Irving Olds, former chairman, no less, of U.S. Steel. He spoke in great detail about the issues at stake: "With the good educational facilities provided by (private universities), the courses of instruction will and do lead the student body to recognize



the virtues and achievements of our well-proven economic system; and, on the other hand, to discover the faults and weaknesses of an arbitrary, government-directed and -controlled system of production and distribution."

WITH THE ALLOWANCES that are necessarily taken in the art of reductionism, this would seem to mean that if you studied at Princeton, you would tend to register as a Republican, rather than as a Democrat. "It is perhaps relevant," I wrote in that *Freeman* article, "to quote some figures from a poll conducted at Yale in the fall of 1952. This poll revealed that the undergraduate body was

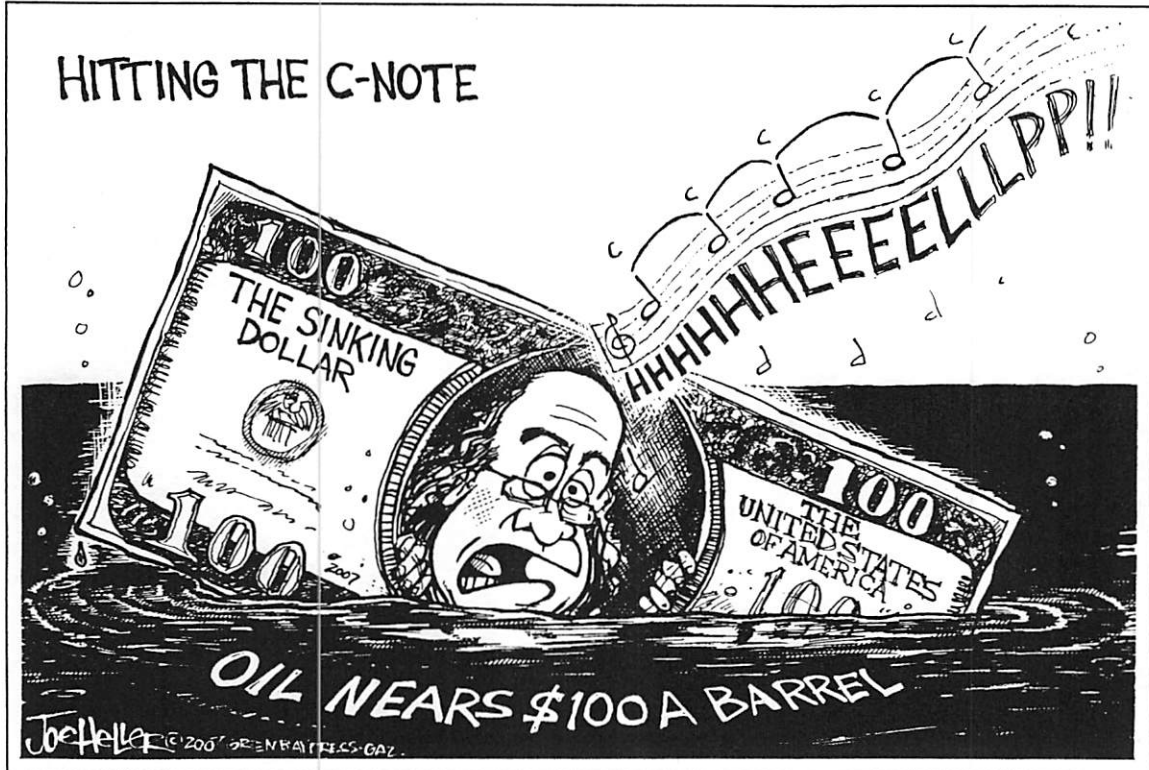
about 2-1 for the Republican Party. faculty, however, was 2-1 in favor of Democratic Party. The Law School was 14-1 Democratic; the Divinity School, 13-2." And while the undergraduates were heavily Republican, the graduate school was described by the *Yale Daily News* as "solidly Democratic."

"This would indicate," I continued, "that Mr. Olds' thesis that the more education you get the more conservative you get, is far from realistic; that it is more nearly the other way around, since we must assume that professors are better educated than students."

The plaintiff in the Smith suit said in court that he would withdraw the lawsuit if responsible officials of Princeton came on the stand and acknowledged that it was a purpose of the university to further free-market principles.

"You must be kidding," was the implied answer. And yet the court, back in the 1950s, found for Princeton.

WHAT HADN'T BEEN defined was what exactly are the rights of donors in such situations. According to the Foundation Management Institute, which counsels wealthy families in their philanthropic activities, the Robertson decision establishes that such rights exist. Neal Freeman, the chairman of the institute, closes his bulletin by saying: "I ask you to listen carefully. Do you hear it? That large bang for the small buck? Have we not played a part in epochal change? We believe that we have, and we can thus say with equal parts of respect and emphasis ... we won a big one today. And yes, we're fully prepared to build on this signal victory for the vision and values of charitable donors."



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