

VJD

Interviewee: Sara L. Engelhardt

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Interviewer: Brenda Hearing

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Q: Sara, let's begin by my asking you to characterize the role of Corporate Secretary at Carnegie, as the direct successor to and protégé of Florence Anderson, one of the very strong figures in the history of the Corporation. I'd like to get your sense of the history of that position, how it may have grown more complex over the years, and what your own experience was.

Engelhardt: Yes. I think the role at Carnegie, for the Corporate Secretary, may be unique. And in fact, that is the role, at the time I was there. Because thinking about it, going back to Robert Lester, who preceded Florence Anderson, I think he played primarily an administrative role, and an important one but not the same kind of strength to that position in terms of working across all of the areas of the foundation that Florence Anderson did. I think she was the one who evolved it into a core part of the organization. And I actually believe that that role has not been replicated at other foundations. Most of the Carnegie ways of running itself have been reflected in other foundations that were established later. They picked up much of the way of doing program, of organizing themselves, of keeping records, many other things, but that is one area where I don't think you see it much. And I think now Carnegie itself has gone back to not having that role played by the Corporate Secretary. So we're talking about an evolution into a way of

operating, and then, I think, back out. But while I was there, I believe it was really pivotal.

Not just -- first of all, it was the grants manager for the organization and that doesn't mean -- and that can be fairly technical and administrative. And that part of it, perhaps even that part of it, is much greater than it is in other organizations, other foundations. Because it was not just keeping track of the grants, but it was making payments on them, getting the reports on them and following up on some of the issues, not just the paper work. It was deciding how to structure the grants in ways that I think many places don't care about.

Well, for instance, Carnegie takes expenditure responsibility and many places won't even bother to do that. But that puts a huge burden on the person administering the grant, to structure that so that it works well. But further, of course, than just the grants administration, the Corporate Secretary under Florence Anderson had a huge role on the program side. She not only handled programs, and had several programs in her own right, but she worked across all the programs as a critiquer, a guide, and an interpreter for the public. She interpreted every grant that was presented to the Board of Trustees, and, in writing, gave it to them in the docket, for the meetings. This is a role that she had evolved.

I think when John Gardner was president, he felt that the grants needed to be written up - I'm not sure what had happened before his time -- and he wrote them up. And he, of course, was a very good writer and made sense out of the programs, not just the individual grants but how they fit together into programs. And at that time, I guess, also, Helen Rowan was interpreting them in the *Quarterly*, and other people were interpreting them for the annual report.

But over time Alan¹ trusted Florence Anderson enough to hand that role off to her, the interpretation, and then when we began to evolve -- and I took that up from her when I was apprenticing to her, basically. She began to trust me to help her with writing up the dockets for the board. And it was at that time, I think, nine grants meetings a year, four board meetings and, I think, five executive committee meetings, where grants were processed. So nine times a year we would have to write these things up. Maybe 100, 110 grants, including the discretionary grants, so it was a fairly heavy burden over the course of the year but it was spread out. Later, as the grants got more complex in both the ways they were being made and the numbers, as they grew, it became more and more difficult. Ultimately, about the time I left -- it may have been before -- they were basically relying on the individual program officers to present them.

I also took on, during my time, I guess still while Florence Anderson was Secretary, I began writing the grants up for the annual report. So there was a continual stream of information from taking the grants to the board to taking them to the public. And, actually, during Helen Rowan's final illness, I worked with her on several *Quarterlys* where I got to write up programs for the *Quarterly*. So the idea that this administrative position -- and I think it's thought of as a legal or administrative position, certainly in corporations but also, I think, in many foundations -- really had a very substantive role to play and an interpretive one. And one of the things -- and I think that grew out of Florence's own capabilities and her ability to analyze and understand strategies and grant making.

¹ Note: It was actually John [Gardner]. -- S. Engelhardt 7/99

So when people say, "Oh, you were the Corporate Secretary at Carnegie..." I think often there is a kind of dismissive sense of that: "Oh, you were the grants administrator," or, "Oh, you took the minutes at the board meeting." And it certainly didn't feel that way. It felt as though this were a really important role for the organization to help program officers working in different areas to think strategically, provide information that I could use to explain strategically.

Q: Did you extend that interpretive function that you think Florence Anderson initiated at the Corporation? I'd like to hear a little bit more about your own experiences, how you perceived yourself in the role of Corporate Secretary, following Florence Anderson.

Engelhardt: I guess I thought -- how I extended the role that Florence Anderson played.

Q: And how the role of Corporate Secretary may have changed.

Engelhardt: Changed, yes. I think while I was Corporate Secretary. [Interruption] While I was Corporate Secretary I think I certainly extended, to some extent, what Florence Anderson had done, but I think the way I handled it was probably more of a reflection than the way the organization was changing and the world was changing at that time. Like Florence, I had some responsibilities of my own in the program area, and that was one of the underpinnings of the way it worked; that is, a Corporate Secretary couldn't just critique everybody else's grants. You had your own program, so you had to learn yourselves how to present a good docket, how to defend it, how to think strategically. And that can be a problem, because as those programs grew there was some tension between

the time, just the basic time you had, to spend on your own program which you wanted to make as good as you could, versus managing everybody else's program and bringing them together for the board or the other reports.

But I think one of the things that changed over the time that I was Secretary was the volume. There were just simply many more grants to process, because the assets were growing. The numbers of board meetings changed, and I think -- I don't remember how many there were at the time I left but maybe more like five or four grants board meetings a year, which meant that the process of interpreting -- getting each of the dockets, structuring the grant, and then writing up in the docket for the board -- was collapsed into a very short period. I think I had maybe a week between the time I saw the dockets and processed them to turn them all into makeable grants and to write them up. And, particularly with the change of the way the program worked, from Alan Pifer to David Hamburg, that got to be an untenable way of working for the organization because I was no longer, by the end, actually in the program discussions. Where I'd been in the program discussions -- we used to have weekly staff meetings where we discussed all of the proposals, and the dockets would circulate, then they would be discussed by the full program staff -- after the programs began to have program committees that met separately, I often didn't know about a grant, I didn't know about the program that was going to be proposed, until it was time to structure it and write it up. That meant -- there were also more of them at that point, more grants coming up -- so it meant that I had very little opportunity to understand what the intention was here. And some of the writing by the program officers was very cryptic. They were out there, they were talking to people, [and] suddenly the deadline came and they had to write it up to get it into the board

docket, and some of the stuff I got was unbelievable. So I would go back to the proposal, I occasionally would even go back to the people making the proposal, to try to figure out what was behind this grant.

So those are the sorts of things that changed, more than my trying to put my stamp on anything. And I spent a lot of my time as Secretary just scrambling to keep up with the system; that is, keep the system we had in the new environment. There were times when I believe I just felt it was beyond -- it was not workable. I recruited Vivien at one point to help me with it. She's a very good writer -- Vivien Stewart -- and she understands program wonderfully, so that helped for awhile.

I think at about that time I remember going to John Gardner to talk with him about what I should be -- he was in Independent Sector so I think he was writing during the period he spent at Independent Sector -- I went to him and said, "You know how Carnegie Corporation used to work. I'm still playing the same role that Florence Anderson played during your time, and here's why I can't do it anymore. What should I do?" It was the incredible burden of writing up all the grants, all the time. He said, "You shouldn't be doing that. You shouldn't be writing them up." And yet to me -- I rejected that as the answer, because to me that was the role: knowing every grant inside and out, so that I could present it to the board; I could structure it so it was a good grant to make, in terms of the payments or the expenditure responsibility or whatever the context for it was; and then to be able to administer it over time, so that if they got into some kind of trouble, you'd know what you needed to do to help them out with it. Did you need to advance a payment? Did you need to restructure the grant so that whatever had changed in that organization

could make the program still go forward as originally conceived? That to me was the core.

So it was kind of a dead end in terms of what to do next. And I think just the volume, and the fact that David Hamburg wanted to organize the way the materials went to the board, did change it entirely. In some sense that was a relief, but in some sense I feel it's a huge loss -- not just for me, and it did happen before I left -- but for the organization, because I don't believe there's anybody there now who thinks about those things and has the capacity to manage the programs in the same way. It's all done from the President, who has a very different perspective than the Corporate Secretary did.

Q: Okay. Let's talk a bit about your programmatic activity. And there's a tradition there, too, I think, emanating from Florence Anderson, particularly with respect to women in continuing education, women in higher education.

Engelhardt: Well, as I said, it was felt that if the Corporate Secretary was going to be involved in critiquing other people's proposals, she should have the same happen to her -- have to withstand other people's critiques. And Florence Anderson had had a program, particularly in continuing education for women, from the '50s, and she also, of course, played a large role in the Carnegie Foundation for the Advancement of Teaching. She was Secretary, also, of that organization, but it wasn't the same kind, it wasn't a grant-making organization. But she spent a certain amount of time on those issues, as well.

So she had a fair amount of substantive responsibility herself for a program, and in fact, I think they were extremely successful programs, hers. The continuing education program,

as I think I said when we talked earlier, was really the framework on which non-traditional education was built, when that came forward many years later, and a number of things that the Corporation had done around women's education, coming back to education as older students, had forced or had helped universities anticipate the kinds of flexibilities they would need to accommodate different kinds of students. And so that was a huge contribution that I think many people wouldn't even read back on that. They already had some experience by the time the economics and the demographics of higher education were such that they had to start changing. They already knew how to, to some extent, because of those programs.

That program was very much over by the time I was taking on responsibility. I did not have program responsibility of my own. I had worked with Alden Dunham in his higher education program and had actually even gotten a degree at Teachers College in higher education to help me structure my understanding of that field, so I did have some background in higher education. But when I was Assistant Secretary and then Associate Secretary, I began to take on a program of my own. I think that was at the time that Dick Sullivan, who later was Treasurer but I'm not even sure what he was at that point. I think he was Assistant to the President. He did a great deal of program work in higher education, which was his field, including helping women's programs, for instance, starting the Wellesley [College] Center for Research on Women and several other very important things. And a library program. But he was handling the vestiges of the Women in Higher Education program that Florence Anderson had handled, and at that time they were looking for something for me to take over because I was on track to becoming Secretary. It seemed inappropriate -- and this was in the early '70s -- for a man to be handling women's

programs, so it looked like a good match. So I inherited that program.

As I say, even then it was a fairly tricky balance because there was a lot to be done in women in higher education in the '70s. The affirmative action, Title IX, many of those issues, were very, very hot, and the approach Carnegie has always tended to take has been toward the structural issues in higher education. So I worked on the structural end of things, how women are perceived and promoted, what the tenure track situations are in various institutions, what kind of research is necessary versus what kind of other experiences in order to advance. And the Ford Foundation worked more on the substantive side, but we worked very closely with them. They did a great deal in the women's studies area, that is, how to get women into the curriculum, how to support women as scholars, whereas I focused more on women in the administration of higher education. In fact, I believe that's what the program was called when I was working on it, primarily. Women in Academic Administration, more than anything else, and started programs in national -- what was it called? The National Identification Program for Women in Higher Education at American Council on Education was one that I started.

So there was a lot going on in that area, and I had to try to balance that with really intensive work on the Secretary's side. But I loved the program work, and I wouldn't have given it up for anything.

Q: Didn't Dick Sullivan have an emphasis on building institutions, that you didn't exactly share?

Engelhardt: I think Dick came out of an era -- Dick Sullivan came out of an era where Carnegie and the work he had done really was focused on institution building. I guess the main disagreement I had with him was that he -- well, it was specifically around the Wellesley Center for Research on Women. I had gone to Wellesley and I had always been disappointed that Wellesley had not done better in attracting and using foundation money to do some of the things they were doing. When Barbara Newell was president there, Dick Sullivan, who had known her, I think, in other contexts, helped her start the Center for Research on Women, which was very complicated structurally. Basically, the faculty did not want it, the board did not want it, but Barbara Newell wanted to make an impact, and Dick helped her do that. The reason I objected to it was that it was going to be a long time before it could stand on its own feet, and it was not integrated into the College at all. In fact, subsequently I went on the overseer's board of the Centers and, actually, right now I'm chairing the New York Endowment Committee for the Centers. So I clearly have a great affinity toward the organization, and in fact it has become the premiere women's center, at any institution of higher education, and the only really solid one at an undergraduate institution. So, in fact, what he did turned out to be a wonderful thing, but I thought it was very ill-conceived and I didn't think that Carnegie, at the time, had the kind of money in this area, a very small program area, to commit to making a full institution go, that it had to be used more strategically for more leverage. I don't think the Centers got much other core support, for years, and didn't have an endowment. The college didn't pay any of the salaries. There was no faculty there. They all had to stand on their own research. So it was a complicated issue.

But it was not so much the grant itself, clearly. It was the strategy. And my strategy,

when I was handling the program, was to support organizations, primarily, who were working across institutions to try to lever change. The ACE/NIP program, the ACE's National Identification Program, as it was ultimately called, I originally -- I talked with them for a couple of years before we finally did it. I called it "the beauty contest," because the idea was to take women in academic institutions and get them out there, as visible as leaders, so that when the decision was being made in the search for the head of whatever, someone would say, "I've seen her. She's really good," and she would get into the pool. In fact, when they finally convinced me that this was a good strategy, and Carnegie funded it, and Ford couldn't bring themselves to fund it for years after that, so I think we were in there funding it almost alone for several years. But there was a lot of leverage, because it was working across many, many institutions, and it worked. It worked in part because of the people at ACE who were doing it, primarily because of the people who were doing it, who did it extremely sensitively and didn't, in fact, treat it like a beauty contest. They had really substantive programs. They also moved it to the state level or the regional level so that people got to know each other more intimately and more substantively.

Q: You have a nice story that stems from a conference at NYU that you attended, maybe within the last year or two, at Ellen Lagemann's research center, relating to the perception of foundation involvement in the '70s in women's higher education.

Engelhardt: Well, during the '70s, Mariam Chamberlain and I worked together very extensively. Again, as I say, they were working more on women's studies and those sorts of things, and we were much more on structural things, though I think we overlapped a lot in Title IX and some of those areas. So I got to know Mariam quite well and we both -- I

became a feminist while I was managing that program. I didn't think of myself as a feminist when I went into it, and it was the people I worked with and the issues that they cared about educated me to the fact that I was and wanted to be a feminist. I think Mariam always was a feminist. She went into it much more quickly than I did.

We worked together a great deal but often not on the same thing. But we knew that area and we knew all the people in that area together. And just -- it was just about a year ago we went to a history conference at NYU and there were lots of people who had done research. It seems that most of the research that's done is on the Ford Foundation, because there's so much there to study. There was one paper, but it was more or less supported by others, that essentially charged that foundations -- these huge, important, pivotal, social institutions -- had sent their program officers out to co-opt the activist groups, in particular, women, and turn them into little lambs so that they wouldn't threaten the system. And I was sitting next to Mariam, we were both there, and we looked at each other and, finally, I just had to stand up at the end. I said, "You know, that's funny. We thought *we* were co-opting the *foundations!*" That was what the foundations, basically, had asked us to do, that is, to help the women's groups, the activists. We'll co-opt the universities, forget the foundations, and make them responsive to this group. Otherwise, it was to their own peril. They needed to be responsive to these groups because it would make them better, and we really believed that. And I guess, I think, that is one hazard for historians, looking at foundations. To talk about it more generically, I think many people -- and historians may be the worst at this, so any historian who listens to this tape had better beware -- to see foundations as all-powerful creatures that have great influence in society, and incredible manipulative power.

From my own experience in a foundation -- and one that was considered to be one of the most powerful foundations in the world -- I don't think a foundation has that capability.

That actually gets me to my surfer theory. Do you want to hear my surfer theory? I have a theory because I think metaphors help understand the way the world is structured. But my surfer theory of foundations is that foundations can't make waves. They can try, but that's not what they know how to do. A really good foundation figures out how to find a wave that's headed in the same direction they want to go, and to ride it. And it can mean that a foundation will sit around for a long time, looking for the right wave, and might grab the wrong one. They have to know when to bail out and go back and look for the right one. They have to know when to ride it all the way up onto the shore. But it takes a certain amount of guesswork and strategy and agility, particularly if they find they're on the wrong wave. If they get the right one and ride it well, they get a huge amount of lift and a huge amount of impact that they simply don't have by themselves.

And so I see the strength of Carnegie, over the years, not so much even in the individuals who were leading the organization, but in the particular spots where they got the right wave, and they got more lift out of it than they deserved to have. I do think that was true in the non-traditional education area, for instance, and in a number of other areas. It's the good waves that people remember you for; the ones you missed or rode into the shore that washed out, people don't remember that.

Q: Okay. Terrific. Let's talk a little bit now about the charter. And I am making an association in my own mind, too, with a description of yourself and Florence Anderson's

conscience of the foundation. I think that your concerns about the charter reflect, perhaps -
- maybe you can tie those together for me in your response.

Engelhardt: So the Corporate Secretary, as the conscience of the Corporation. That was a phrase used quite a bit during my time there, I think in the end more negatively than positively. So I bridled at it a bit, because I don't think we owned the conscience -- Florence Anderson or I, owned the conscience -- anymore than anybody else did. But we knew the history, and I think that's really where a lot of that came from. We could take people back to the precursors for where it was happening at the time. So in some ways I think now people talk about it as the memory of the Corporation.

But one of the parts of history for the organization that was important was the charter. We held that in front of people a lot back in those days: "the advancement and diffusion of knowledge and understanding among the people of the United States, and certain parts of the British Overseas Commonwealth." I can still quote it. And there actually was a long history in how that had been interpreted. Originally, Andrew Carnegie had given money for -- his basic endowment was "the advancement and diffusion of knowledge and understanding among the people of the United States." He then defined that very, very broadly, including the famous opening line of his gift: "Conditions on the earth inevitably change; no wise man will bind his trustees forever --" And so he gave a great deal of latitude in the charter. In fact, I think many people would state that Carnegie was the first general purpose foundation. Because, of course, Rockefeller wasn't founded until later. And I think he intended it to be very broad, so people now who say, "Andrew Carnegie would be turning in his grave if he knew what you were doing now" -- I think

that's wrong. I think Andrew Carnegie would love it. And in fact, where the British Overseas Commonwealth part came from was his trying to violate his own charter. He wanted to make some grants in -- I don't know where it was. Canada? I don't know where. It was someplace not in the United States. Elihu Root, who was, I guess, on the board but also the lawyer, his lawyer, said, "You can't do that. That's not what it says." So Carnegie added some more money to the pot, in order to make the grants he wanted to make. And forever after, that little pot of money was considered to be the part that could be spent overseas, in the British -- and then the Commonwealth changed, so that all had to be changed.

Yes. We looked at that when we were making the grants, when we were structuring the grants, when we were critiquing grants. And there was a very strong Commonwealth program during the period I was there. It had mostly to do with Africa -- and not southern Africa but tropical Africa -- what do they call it? They had been active in Australia and New Zealand and other places, and in South Africa, but not during that time. And it was a very -- almost a program unto itself, trying to accomplish things specifically in Africa.

Later in my time there, of course, we went back into South Africa. Alan led the Corporation back into South Africa, but all of that was within the context of the flexibility that we had in the Commonwealth program. At the end of my time there, as I think you know, once David Hamburg had gotten there, he wanted to have a much broader, international kind of program. I did believe that there were ways to advance knowledge and understanding in the United States through grants in other countries, but I didn't believe that money should be sent overseas or, say, to Mexico, for completely indigenous purposes. And I was prepared to work with those grants, to make sure that they did have

components in them that made them fit the charter, but, as I say, that was the period when I didn't get to see these things before they landed on my desk in preparation for the board meeting.

And so that, I think, created some tension, as well as some confusion about what the charter was and whether we needed to stand by it. And I think that's when the conscience of the Corporation began to be a negative term; that it was a restrictive role and a negative role, rather than being a helpful role. And I also, because I was there during the Tax Reform Act of 1969 -- Florence Anderson had actually written a number of the regs for that, and she worked very closely with the people working on that -- and I had read it and she had read it and we were there at the creation, so we really knew the Tax Reform Act from the inside out. We also knew what the spirit of the law was, and we tried to adhere to it because we thought it was basically sound, and that the way the regs had been written were adequate, were appropriate, not too restrictive. And I tried to implement those, again, in structuring grants so that, for instance, I remember once I got a grant that had to take expenditure responsibility. I think it was the ACLU [American Civil Liberties Union] or the New York Civil Liberties Union. It was going to do some lobbying. Now non-profits can do lobbying, but foundations can't earmark their funds for lobbying. This project had to be expenditure responsibility for some reason, I don't remember why, and there were only two funders: the Ford Foundation, which had already made their grant, and us. And so I received this, had to take expenditure responsibility. Ford had written it saying, "We're funding the non-lobbying part, let Carnegie fund the other part." I couldn't write expenditure responsibility because I would have to say, "You may not use it for half of what it was for." So we had to go back and restructure it so that, in fact, it was a legal grant.

So things like that did make me the conscience, but I tried to use it in a positive way, that is, to make something happen. Some people might say, "Forget the law. Nobody's going to challenge you, anyway." But I didn't feel that that was something I could do. Maybe it was because I felt the weight of being the conscience. I didn't want to allow something to happen that might come back to haunt the Corporation.

Q: For someone who has no knowledge of the Tax Reform Act of 1969, which is nearly thirty years old now, how would you describe the spirit of those regulations? The spirit of that Act, that Florence Anderson had so much to do with creating?

Engelhardt: Well, the Tax Reform Act of 1969 came after a decade, two decades, of really bad criticism from Congress -- Wright Patman and others, but Wright Patman led the charge, basically -- about abuses and suspicions. In fact, I don't think the foundation field adequately understood the degree of unhappiness with them that existed at that time because they weren't really prepared to defend themselves against the Act. However, I think, looking back, it's easy to say that they weren't prepared, but, in fact, the things that were proposed, some of them would basically have put foundations out of business, and what was contained in the Tax Reform Act actually was probably very good legislation, preventing kinds of abuses, giving enough public accountability that people can be fairly sure that they aren't being used for nefarious reasons.

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Q: I just want to get a few specifics related to the Tax Reform Act of 1969. What was being proposed?

Engelhardt: Yes. I was not intimately involved in those discussions. Alan Pifer and others at the Corporation spent the summer trying to protect foundations from really being put out of business. One of the proposals that I know they felt very pleased at stopping, that is, it was not in the law, was the idea that foundations could not exist in perpetuity, that they would have to spend out, over a certain period of time. That was not in the law. I think it's terrifically important that it wasn't, because foundations can go out of business if their founder wants them to, or if, over time, their trustees decide they should. But having the ability to go on in perpetuity, I think, is terrifically important. Because they grow and have a chance to have an impact -- much greater impact -- than they could if they were just time-limited.

So that was one of the real threats. The expenditure responsibility system actually saved some other potential losses, which would have been that you couldn't make certain kinds of grants at all, to organizations that might be too new, or fragile. See, if a foundation puts too much money into one organization, [and] it's the only money the organization has, technically it could be a tipping system, where the little non-profit would become a foundation, because it had one source of support, which was the foundation. So in a way the expenditure responsibility protected certain kinds of grant making, including certain kinds of international grant making. If you found an institution overseas that had no U.S. tax status, no 501(c)(3), you could still make it to that organization, so long as you took certain precautions to see that either it was equivalent to a 501(c)(3), or to take such

expenditure responsibility that you were responsible for seeing that the money was used properly.

So there were things written into the law that allowed foundations to have the kind of accountability that people were pressing for, without destroying the art form. I feel very strongly -- and, probably, coming out of that era -- that diversity of foundation type, diversity among foundations, is the reason that it is a third sector. If you have everything having to operate the same, you might as well pool all the money into the government and have the government and everyone vote on it, and all go in one direction or another, whereas, in a foundation, the diversity allows one foundation to do a very conservative thing and the other foundation to do a very liberal thing, one foundation to spend it on building a building, and the other to spend it sending kids to school. Huge diversity. If the rules start to say -- and this was the threat, really, in the Tax Reform Act -- "This is what you have to spend your money on. This is how you have to spend your money," in too great a detail, people won't want to give money to foundations. The foundations that exist won't have the latitude to operate.

So while at the time of the Tax Reform Act I think there was a lot of sense of failure on the part of foundations, they had failed to protect the field, and in fact, some of that criticism rested at the feet of the Council on Foundations, which did exist at the time, and the Foundation Center. And in fact, a Gardner Commission, with John Gardner and a couple or three other people, I think, studied the situation and said, "We need to build one stronger organization, so that if this sort of criticism happens again, we can protect the field better. We didn't do a good job." And in the end, the Foundation Center's board said,

"We think our independence from the Council, the membership organization of foundations, gives us more credibility, and that somehow, if we were part of the Council, one organization, the public wouldn't trust us as much."

Now ironically, at that time, all of the support for the Foundation Center came from foundations, but the fact that it wasn't a membership organization gave it more credibility.

I think today, with about sixty percent of our annual budget being covered by, basically, people buying our materials to use on the grant-seeking side, we now have true balance in where our resources are from. So I think we are -- even today, more so -- an accountability mechanism for foundations. I think that has, in fact, continued to be a reason why foundations have not been criticized as sharply as some other kinds of institutions. But looking back, I think the law, the Tax Reform Act of 1969, is another reason that foundations are now much less criticized, because, in fact, most of the things people were most worried about have not -- are illegal and are not going to take place. They do have to report on the 990-PF. There were other reporting mechanisms before that, but what goes on there is much more detailed. They are monitored. We, the Foundation Center, monitors them. People can get more information about them than they ever could before, and the rules are pretty rigorous.

Now, there are those who will tell you that the regulators don't regulate, but I don't think they need to, in this case. They don't do audits, particularly, but I think the abuses that were covered -- well, excess business holdings was a major one, and there are some foundations, like the Kellogg Foundation, that felt that that destroyed the foundation in many ways. They held too much of the Kellogg stock. A foundation can be totally in one

stock, but it cannot have higher than a certain proportion of that company's outstanding stock, and Kellogg did. And they were given a certain amount of time to get rid of it, but it meant, of course, that they were dumping stock. So it depressed the value, so they fought with the regulators and worked out some deals but they got rid of a lot of their Kellogg stock. I remember when I was working with Russ [Russell G.] Mawby (who chaired the Center's Major Gifts Campaign, which began in 1987, and chaired the Center's Board of Trustees 1989-1994), he was able to say exactly how much more Kellogg would have been worth if they had been allowed to keep that stock.

So there were some things that affected some foundations differentially, and in that case the idea was to prevent foundations from controlling companies, and it was a good idea. And in fact I was just interviewed this week by a Korean television station that's doing a documentary on Korean foundations, and apparently the major abuse that they worry about there is corporations being controlled by foundations, and -- terrible abuses. I think we just don't see that in this country anymore. So in the end the Tax Reform Act of 1969 was a good thing for foundations.

Q: This might be a good time for me to ask you to speak about the differences between large, general purpose foundations and family foundations.

Engelhardt: Large, general purpose foundations were invented, I think, by Carnegie and Rockefeller, and for many of the years where I was involved, there were, of course, a number of others. Carnegie was always sort of number eleven in assets and grant making. Maybe one year it would go up, one year it would go down. I was just checking where

Carnegie is now and it is twenty-two, so it has slipped a great deal. Now interestingly, some of those foundations that have been created or grown -- that have knocked it down a few notches -- are what I would call family foundations, or they're much closer to the founders. Many of them are new, many of them are very -- they aren't general purpose foundations -- they're very focused on a field. The Robert Wood Johnson Foundation is a good example. Packard Foundation is a family foundation, and Robert Wood Johnson focuses exclusively on medicine.

Now those are very important, large organizations that do wonderful work, but they aren't the same kind of general purpose foundation that Carnegie is and was.

Q: Are there differences with respect to the laws regulating them?

Engelhardt: No, there aren't. There is no definition of a family foundation. And, in fact, the way we at the Foundation Center have always made the differentiation is we take the whole pot of private foundations, which are the ones that file the 990-PF, and we divide it basically into two parts, corporate foundations, where the money comes from the corporation, and independent foundations, where the money comes not from a corporation but from individuals. There is a fairly recent desire to talk about family foundations, and I, quite frankly, can't differentiate that from the independent foundation. But in some people's mind there is a difference, and I think the difference is staff-driven or family-driven, that is, many of the larger foundations -- well, even that doesn't work anymore. In the old days you could tell the difference between foundations because the Carnegies and the Rockefellers and the Fords all had staff. The staff worked with the board but the board

had rotation. It was never the same board. Over a very long period, the staff often was there longer than the board. The staff had the responsibility of presenting the strategies and developing the grant programs. And I think that's really where the original family foundation distinction came from, that the family foundation was directed by the family. But now you have many large, staffed foundations. Again, let's talk about Packard. But that is a family foundation, because the family sits on the board and makes a lot of the decisions, not just about specific grants but about what directions the foundation is to go in, and it has a great and wonderful staff.

So I'm not sure what the difference is but I think what people are often trying to get at is the staffing, and that perhaps thinking about the tensions between a staff-driven versus a board-driven entity. And I remember some discussion about that at Carnegie when I was there, particularly at the time the board was diversified. Because when it was the men in the pinstriped suits who were on the board, they wanted to talk about the big issues and the strategies for the world, and they were perfectly happy to leave the grant making and the finite part of that to the staff, and they had a lot of confidence, also, in what the staff was doing, and it was discussed at the board meetings. When the board was diversified under Alan Pifer's tenure, we started getting people who were out there doing some of the work, some academics, or some activists, and they would come to board meetings and say, "What's going on here? You just present us with these grants, and we've never voted no. What's our role if we aren't -- you're asking us to vote on them, but we don't have any control over what goes on."

So we talked about whose agenda was it, and how that worked. Because I think Carnegie

is a staff-driven foundation, and I think that's right. The board has ultimate responsibility for the program and for the leadership, and I think they exert that responsibility well, and that they have a huge impact that way. The way they have that impact on the program is primarily by the discussions that take place around the board table. Not by saying, "You shouldn't do this grant," but by saying, "Here are the questions I have about this grant," and the grant gets through. At least this was true in my time; it's probably not done this way now. The grants would go through, but you would know what the questions were, and you would be darn sure not to bring another grant like that if the questions were really serious, or you would get the answer, before you brought something like that again.

So there was a lot of steering in strategy and in context, for the grants, by the board. A very valuable role. It took us a while to convey that to this new, diversified board, because they weren't sure how they were different from the staff. And they were much more like the staff in their backgrounds and interests. And so we had to work that through a little. But they, in the end, I think, did agree with that, and now, of course, the board has gone back to being more of the elite board, and I think their issues probably are different now. But that was a huge issue at that time.

Q: I've heard Carnegie described as staff-driven, president-driven, and never as board-driven, which I find interesting.

Engelhardt: The board makes a huge impact in deciding who the leader is going to be, and I think that was something of a surprise when Alan left, because he decided he would retire early. And he'd been there a long time and I think that seemed right to him. He

wanted to pursue some interests he had that were fairly specific: in the aging project and in South Africa. And I think we were all a little taken aback when he announced he was leaving, and Alan had arranged how it would all go after he left; that is, who would be in what positions, and he determined succession -- which is what you often ask of a president.

But the board hadn't been in on that discussion, and the board then said, "Oops, this is our job," and they did their job. But it was a different way of structuring, or a different kind of leadership [that] they wanted, in fact. I think that was very hard on Alan, specifically, but also hard on the rest of the staff, because we weren't sure necessarily what that meant about the role of the staff. And I think I would not have called the Corporation president-driven during Alan's time. I suppose some people would have said it was during John's time but I don't think so. I think, certainly, during [Frederick P.] Keppel's time, but there wasn't much aside from the president in those days. But I suspect that term, which I haven't heard in relation to Carnegie, relates to David Hamburg, because I believe under David Hamburg it was president-driven rather than staff-driven.

Q: In your experience, was the Carnegie board a functional board? I'm trying to get at the board's role, as you perceive it, during your tenure as Corporate Secretary.

Engelhardt: The board's functions changed, of course, over time, that is, what committees they had and how they saw themselves operating. I've talked mainly about the program side. I think the other side we haven't talked about yet is the financial side. The finance and administration committee was one that I think was written into the by-laws, so it has been around for a long time, and it has the fiduciary responsibility for the assets. And as Corporate Secretary I also sat in on all those meetings, and I did see huge change during

the time I was there. That was a very hard-working committee, with some very good financial people on it, and I'm talking about the era when Dick Fisher was chair of that committee, and then Carl Mueller, and -- I guess that was about the time I left. It was increasingly, during that period, active in placing money, doing asset allocation, whereas before, I think, it had been much more watching the managers of the money, looking over their shoulder. And initially, I think it was a question of watching Morgan Guaranty and how they were handling the money, because it was only in one spot. Then there was the experiment: they decided, as a committee, that they needed to have a "horse race," I think they call it, and they got three managers. One didn't do very well so they threw that one out and [then] had two. Then they brought in all kinds of diversified investments, so they were really working -- that was a very functional committee, and it went in some directions that you might argue with. And I remember, I think it was Dick Fisher talking about how if you had all these different -- your real estate manager and that was going to be ten percent, and you had your international manager and that was going to be ten percent, and you had your leverage buyout manager -- and once you had made those decisions you were actually managing the portfolio. And so he was arguing with the rest of the committee about what their role should be, and I think he had some reservations about being that close to the investments, whereas I think Carl Mueller wanted to be sure we got in on this investment and that investment. I think he was much closer to that. So there's a committee that was extremely functional, and saw its role as very important, and [it] was very important, and, I think, still has a great deal to do with what happens to the assets. Which is a huge part, of course, in a foundation, of what the board's responsibility is.

In the program side, I don't know what functional would be. I think they provide the

guidance -- there's one story about guidance from the board that I haven't told, which is, I think, illustrative of this. During the early era of worrying about drugs, it was clearly a social problem and it was going to get worse. And Carnegie wasn't doing anything about it, so it must have come out of a retreat, but the board said to the staff, "We will be active in some way in drug abuse, and go out and do something about it." And the staff scurried around and tried to find things to do and, ultimately, I think, joined with some other foundations to create the Drug Abuse Council. Which didn't go anywhere. It was not a good thing. It didn't work. And I often looked at that, and I think others did, too, as an example of how a board shouldn't function in the program area, that is to say, this is an important issue, therefore, this foundation has to act on it. I think it works much better if the strategies -- the issues and the strategies -- come out of the foundation's other work. There's synergy there, there's experience there, there are relationships there, and you build on those. Whereas, there was nothing that they had, already existing, or that they could build on in this area, so they created something new. But it was sitting out there all by itself, and without the context for it that I think could have made it successful.

And I think after that the board backed down. This was when it was the activist board, I think. I think the board, after that, kind of backed down on saying, "We're going to set the agenda."

Q: It's interesting to me because Carnegie himself did invest the trustees with the responsibility for setting the direction of the foundation's activities.

Engelhardt: Well, and in the end, they do. When they hired David Hamburg, I think in

part they were hiring him for his personal qualities, but also he was active -- his background was in the medical field, the international field, and areas that Carnegie had not been spending that much time in, and he took the foundation in those directions.

Q: Yet in these first years, you're still there, Hamburg is president. Is there not some dissent on the board? Are there not some members of the board who are in disagreement with some of the directions?

Engelhardt: Under Hamburg? That would be very hard for me to say. I overlapped with him for five years. During that time the board meetings changed dramatically, as did staff meetings. And having been, for a number of years, in on all of that -- not certain things that were done behind closed doors but pretty much hearing what the discussion was, hearing who was on what side of each debate, and having things being pretty open, I don't think Hamburg used the board the same way. He used the board for presentations about programs, or a chance to bring the board into his vision of what he was doing and get them excited about it, rather than laying out some questions or even grants. I'm not sure what role the board, any more, even plays in grants. And in the old days, that was really what the discussion centered around. So I think any conversation that reflects dissent or questioning takes place outside of the board room.

Q: In your experience, was the Corporate Secretary always present at board meetings?

Engelhardt: Yes.

Q: Did that include executive committee, or executive sessions?

Engelhardt: No, it didn't include executive sessions. The President at Carnegie is a board member, so the President would have been in on executive sessions, except where the President was being discussed, and then the President would have stepped out of the room.

Q: But the Corporate Secretary was not a part --

Engelhardt: Not in executive sessions. But during my era, I don't remember many executive sessions except to talk about salaries. That was basically all there were. And the committees also, yes. Oh. I guess the one set of committees that didn't have minutes might have been the nominating committee. I kept notes of that, so that I could trace whose name kept coming up, get background on it, and so forth, but except for that I think I recorded everything. I might leave it out of the official record, but I would write it down and it would be in the meeting file, so that we could go back and remember who said what, who disagreed with what.

Q: Again, getting back to the power of the position of Corporate Secretary, certainly during your years and Florence Anderson's years, was there ever any dissent over your sitting on various of these committees at Carnegie?

Engelhardt: I think you're referring to some stories that I told about questions being raised about whether I should be in certain meetings. There was never any official question, I don't think, that the Secretary should be in these meetings. I think there was a

brief period where there were certain men who were on the board, and on the staff, but not in the position of President, where they saw me being in their meeting, as they often saw it, as not being appropriate. I think they (a) didn't understand the role of Corporate Secretary at Carnegie, and (b) didn't understand who I was and what I did. I became Corporate Secretary when I was, what? Thirty-two. I looked young then, and I already had ten years of experience under my belt by that time, but they didn't know that. They thought I was the secretary, basically. So I think that was part of it, including one staff member whose tenure was mercifully brief, who was in the financial area and didn't get the women's thing at all. But that was not an official issue, ever, when I was there. It may be now.

Again, David Hamburg's view of how he wants to structure the organization, and Vartan Gregorian's after him, the Corporate Secretary had a very different role, following my tenure there, and Vartan Gregorian is bringing in an administrator, who will be over the Secretary. And I think that may reflect the outside misunderstanding of what these roles were at Carnegie. Because he had McKinsey & Company come in to study it, and they thought you needed a vice-president of, or something, to run this. So he's hiring a vice-president of, which is a whole different way of structuring it. So maybe if it were that era I would be the vice-president of. But I wasn't. Also, you probably wouldn't hire me for that job, because I didn't at the time have outside experience to qualify me to be the chief administrator. But at a foundation the administration is so unique to the kind of institution it is, I'm not sure outside experience is particularly helpful.

Q: How do you perceive the role as changing after you left the position?

Engelhardt: I know much less about how things are done there. And, in fact, they even moved to a new space after I left, so it really is a different Carnegie Corporation. So I do talk to people who are still there, and I think there are remnants of the old Carnegie -- almost anachronisms, in some cases -- about how things are done. Even to the point of having teas, which they still do. Or, certain aspects of grants management, I think, are probably remnants. And it may be that it is time to restructure it, so that it all fits together better. But the role of Corporate Secretary, as I knew it, does not exist anymore. I don't know whether Dorothy [W.] Knapp is in all the board meetings or all the other kinds of meetings, and part of that is the size of the organization. Before I left they stopped talking about all the proposals together. When I was there -- well, when I was there under Alan -- it changed under David Hamburg -- all of the program people talked about all of the projects and all of the program strategies, in a weekly staff meeting, and we all read each other's proposals, that is, at the time they were being presented. There's a point after which you can't do that if you have so many programs and so many proposals coming in, and you're making grants for them. Because, as I say, it was, what we were giving away at the time that I left, eighteen million [dollars] or something like that, and I think they're giving away fifty million now, and some of the grants are bigger, but I think there are just a lot more grants. And you can't manage the new organization in the same way you manage[d] the old organization.

Actually, that relates to an interesting thing that happened last week. I was asked to moderate a panel of foundations at the Independent Sector meeting in Denver, and it was fairly last minute, but they did give me five minutes in the beginning to set the context for

the discussion. It was, basically, What happens to an individual foundation when its assets increase dramatically? I used our data at the Foundation Center to talk about growth in assets, and everyone's talking about it. Everyone's very aware of how much foundation assets have grown. But to say that there were five different reasons, four different reasons, within the field why a foundation might grow. Huge new money, and there are, now, billion-dollar foundations being set up, which is starting from scratch, having to build a structure to spend that kind of money. Someone dies and leaves -- there is an existing foundation but the donor dies, leaving a huge estate. Packard is a good example of that, and Cole [Colburn S.] Wilbur was there to talk about that. Again, you simply have to restructure the way the organization works. It can't work in the old way. Then, just asset growth, and I had two different ways of thinking about that, one being that the stock market going up over time. But the other being -- and Barry Gaberman in the end spoke about that for Ford. Then a foundation that is in equities but mainly has one company stock, and Steve [Steven A.] Schroeder talked about the Robert Wood Johnson Foundation, which is the Johnson & Johnson stock -- two-thirds, I guess, of their assets, are in Johnson & Johnson stock. And it was wonderful because this was a group not just of foundation people, but of people who look at foundations from the outside and say, "They have all this money. What are they doing with it?" They got to hear the different things you have to think about if you're inside the organization, trying to figure out how to do your work well --

Q: For example?

Engelhardt: For example, how do you grow your staff? Do you have more programs or do

more in one area? Are you able to go to different kinds of strategies than when you were a smaller foundation? Does that require a different kind of staff? Does it require different kinds of investments, if you have the latitude to make investments. And when the stock market is going up -- now depending upon where your money is coming from -- how do you plan ahead if you don't know whether you'll be a foundation of that size in the future? And in fact, a lot of the questions I think people have -- people out there, not in the foundations -- is about pay-out. The phrase you keep hearing is, "They have all this money. Why aren't they giving more of it away?" Well, of course, if you have more money you are giving more of it away, because five percent is five percent of a bigger number. But there's been a lot of pressure and it was raised, in other -- by Pablo Eisenberg, specifically, at this same meeting --. Shouldn't the law increase the pay-out? Shouldn't we get a new law that says you have to pay eight percent or ten percent of your assets?

So we did, in the panel, talk about pay-out, and the three people who spoke were just wonderful in being able to talk about how they, in their foundation, thought about pay-out in relation to their situation and what they considered to be their mandate. I think people went away from that -- I hope people went away -- from that session understanding that it's not just, "You're money's going up, you should be giving us more," but there are very thoughtful people thinking about very different, strategic issues, that it's not just a money thing.

Q: Well, again, can you give me some examples of how they perceived the pay-out situation?

Engelhardt: Well, Barry Gaberman talked about -- when was it? -- when they were paying out fourteen or some percent -- and then there was the oil crisis and their assets -- basically, they had to restructure the whole organization to downsize it and have restricted their pay-out much more since then, and now are back, just now, I think, in constant dollars, getting back up to where they were in -- what? -- 1975 or something like that. And he used that as a jumping off point to talk about how much money they've given away in the meantime, how much more they can do now than they could have done if they had kept that kind of pay-out, and very eloquently spoke about the role that the Ford staff and board see themselves playing, which is as stewards of wealth. It's not their money. They're stewards of it, and they feel an obligation to pass it to the next generation in at least as good a shape as they found it. And, I mean, there were tears in people's eyes, listening to this conversation about pay-out, so it was really kind of wonderful. But what I liked about it, particularly, was letting people outside foundations see what kind of caring decision making goes on. Steve Schroeder had a wonderful chart which showed what would happen in projections going forward, if Robert Wood Johnson paid out five percent, six percent, and seven percent. Over like a fourteen-year period the lines crossed, that is, the amount of money left in the endowment would have shrunk at the high levels of pay-out, so that you'd be paying out less after a certain period of time, because you wouldn't have as much money to pay out from.

So that's another approach to thinking about it. These people [had] thought about it. It's not that they're just knee-jerk, "Don't make us pay out any more money." And I even remember when I was at Carnegie and Lee Jacquette was Treasurer, and part of the role of Treasurer was to protect the corpus and not let those grant makers -- you know, the

program officers, [who] were out there, trying to get money for their causes and the things they loved, and the Treasurer was to hold the line. "Don't spend out too much." I remember Lee Jacquette coming to a staff meeting after some of these discussions had been going on, saying, "I think you should spend the money. If you invest it, if you spend more money and you invest it in something good in the society, maybe the dividend from that will be greater than if you keep it in the corpus and try to grow it there." So even he -- well, even he -- he's fairly special in that area. He's very thoughtful. This kind of debate does go on in foundations. "What is our role? How do we relate to the money? How does the money relate to the mandate we have? The society of the future?"

Q: I think we're getting to another question that I have, too, for you, which is how you feel foundations change and have impact over time?

Engelhardt: Yes. The way foundations change -- in reviewing this whole oral history that I've done with you, I actually began to see something that I'm not sure I knew I thought before, which is that over time -- and this is in the context of Carnegie, of course -- over time maybe the personalities have less influence -- even the presidents, the leadership -- has less influence on the impact a foundation has than the context in which the foundation operates. And to be specific on that, Carnegie has changed dramatically in the areas it works in and the strategies it uses to have impact. And some of that is the reflection of the President, but I think more of it is a reflection of the time and the context. The story Andy used to tell -- Florence Anderson used to tell -- and I haven't yet found the source of this but I must do it -- and I know Rockefeller has a similar story. At the time Carnegie was founded, the assets-- the endowment of the Corporation-- was equal to the annual spending

in higher education every year [SE notes 6/2006: Carnegie was founded with an initial \$125 million; in 1911-12, college and university spending equaled \$75 million (60%)]. So that the kind of strategy that you could have back then, in terms of affecting the field of higher education, was very, very different from what you can do now, where a few universities have multi-billion-dollar endowments themselves. And it's not just that kind of scale that has changed over time, but even if you could keep your money constant, in constant dollars to be growing in the foundation field as a whole, and I don't know what the statistics are there, the other institutions in the world that have grown up around that. I'm sure government spending in 1911 was extremely low, compared to some of the private spending -- and now many strategies that have been carried forward since World War II specifically relate to leveraging government money. You couldn't do that back then, so that's a strategy in the '50s and '60s that, actually, was very effective.

So these kinds of changes in the society, as foundations as an institution relate to that society, I think have driven the successful strategies. And that is not to say that the personalities, or the strategic thinking of the leaders, weren't very important, because they were the ones who figured out which strategies might work at which times. But I think what we see as being Carnegie is the successful strategies, and there were a lot of unsuccessful ones during that same time. So, for instance, institution building, field building was one of the initial things that Carnegie was able to do, and that even continued up until -- even after World War II, because, for instance, area studies was a field that Carnegie really could build. Even now, I guess, you see foundations trying to do that -- build institutions -- but I don't think that's a successful strategy anymore.

[END TAPE ONE, SIDE TWO; BEGIN TAPE TWO, SIDE ONE]

Q: What do you think is unique about American philanthropy?

Engelhardt: American philanthropy is very old; that is, institutional philanthropy, as opposed to being just people doing for other people, though even in this country that goes back, probably, longer than many other traditions, partly because of the frontier and the fact that there were many communities where there was nobody else to turn to, so people turned to each other and to the community. But the institutional philanthropy goes back to the beginning of the century, and it's imbedded in our laws and our regulations, and it's permitted by those. It was seen as being a good thing in the society. Even before there was income tax, people gave money away.

I think what has happened over time is it has evolved a lot, and the institutionalization of giving has become talked about a lot here in this country as being unique. And in the last ten or so years I think many people have looked at other countries to see how their structures for philanthropy compare to ours, and have discovered that, in fact, it isn't unique, that philanthropy goes on in many forms in many different societies. And, again, some of those traditions go way, way back, particularly in religious traditions. But the form it's taken, and maybe even the formalization of it, in this country, has been -- probably is quite special. I think the thing that I see as being quite wonderful about American philanthropy, probably as opposed to any other, is that it is -- really, it is sanctioned by the state but it belongs to the people. I think in many societies, particularly where the church is very strong, or where government is the main institution, those

institutions own the philanthropic side, and guide it in a different way than it's guided here. Yes, we have regulations about charity and foundations, but it's really just in the tax code. It's not very many places aside from that. And I think the fire walls that are built in the tax code -- again, in the Tax Reform Act of 1969 -- against politicking, using the foundations to politick, or using them to run corporations, puts philanthropy separate from those other arenas and makes it really do its own work wonderfully.

I spent some time in Mexico at the invitation of a group of foundations there and discovered, to my absolute amazement, I was invited to talk about philanthropy. They were hoping to get more individuals to give money. And two major insights I had during the visit -- some wonderful people and some wonderful experiences -- but the two insights I had were that wealthy individuals in that country couldn't understand American types of philanthropy because they had always relied on the church, and they had assumed that the church and the government together, that was their responsibility. It was not the responsibility of the individual, or the wealthy individual, even to the point where we finally got down to brass tacks and one group decided I was there not to help them understand how they might contribute, but I was to tell them which American corporations would fund the charities that they wanted, that they were involved with. They simply didn't -- the default was not to think about their money as being the leverage. It was someone else's money. They might be the intermediary, even when they had money.

The other thing I discovered was that there are some major foundations there, and I couldn't tell where the foundation stopped and the political organization began, or where the foundation stopped and the corporate entity began. And they don't have the same kind

of fire walls, and I think this is true, more broadly, in Latin America, where you have a foundation, what's called a foundation, you have to be very sure you understand what you're talking about and not to make assumptions that it's going to be what we think of as an American foundation.

Earlier this week I did an interview for a Korean television station that wants to help that country look at the upheaval around their foundations. It sounds to me like they're in sort of a '50s stage -- where we were in the 1950s here -- where lack of regulation of corporate foundations, high corporate taxes, and rules about what a foundation could or couldn't do, undeveloped rules, meant that there were some terrible abuses in this country in the '50s, where corporations were being controlled by foundations, where people were passing money to other people -- their children or things to promote the corporation -- using a foundation. And, apparently, the perception, at least of the Korean group that I was talking to, was that this is happening in Korea. They wanted to talk to me to figure out whether we had experience in this country about how you deal with something like this. And I referred a great deal to the Tax Reform Act of 1969, because I think that was one of the things that helped define -- not always in positive ways -- but define what our philanthropy, our organized philanthropy, is.

I often say, when I start speeches, that I'm going to talk about organized philanthropy, because the Foundation Center deals only with entities. And I say, "Well, it stands to reason that if there's organized philanthropy, there are probably disorganized philanthropies, but we're not going to talk about that today." And it is true that a lot of philanthropy, even on the organized side, is pretty darned disorganized. But that's what's

so great about it. If it's too organized, if it's too regimented, you can't have the really exciting things happen.

Paul [N.] Ylvisaker -- and I must find the basis for this quote -- has been quoted as saying that philanthropy or foundations are "America's passing gear." And I think it's wonderful because he's not saying it's the motor, it's the engine, it's the front bumper -- it's the passing gear, and it's something that works within the society that gives us that little jump to move forward in areas where we might otherwise be stuck, if we have the government here, corporate lobbying here and even just individuals voting for this, that or the other thing.

Q: A final question. How would you describe the spirit and tradition of the Carnegie Corporation?

Engelhardt: That's a hard one. But I think I've said that Carnegie is not just a place I've spent a great deal of my life, it's part of my soul, and it's not by accident that I left Carnegie to go to one of Carnegie's creations, so the Foundation Center was created by Carnegie Corporation in 1956. And there's probably not a day that I forget that. And ironically, part of that is reflected in the retirement fund we have, the way our board is structured, the by-laws we've got. In a way all of the Carnegie institutions reflect Carnegie, and I think that spirit, therefore, is very wide in the world. It has gone out through many of the institutions that it has had a real impact on over the years. I think, I think it's important -- when I was there it was only eleventh, as I say, in the size of things. And yet it is always one of the first three or four that someone mentions when they talk

about high-leverage foundations. Part of that is the generalist tradition, and I believe some of that is getting lost now, and it may be the context or it may be the way people think about the organization, but I believe when you lose that wide vision of the world and the flexibility to be able to go into different parts of it and have impact, as those parts need to be tweaked, I think that is very much a part of what Carnegie was. The loss of that I regret. And I think one of the reasons people look at Carnegie -- it's not just how old it is, it is how much of an impact it's been able to have as a general purpose foundation.

What is the other spirit? There's a staff spirit. I think you know from having interviewed people who have been there for many, many years -- and I was there for twenty-three, I guess, by my counting -- and I'm one of the babies compared to some other people. And why did those people stay? It's because this gave them a chance to have an impact on the world that, as individuals out there just doing a job, they could never have. Carnegie has been a vehicle for inspiration and effective impact on the world, for many of us. And I think many of us feel that very strongly. Which heightens the frustration in transitions where the staff is not sure where it's going, or whether they can be part of the next era. My frustration was very great at the time I left, and it was partly because I was not feeling I could do for Carnegie what I wanted to be able to do, contribute in the way I wanted to be able to contribute, and partly because I felt that the Carnegie impact, for the institution, was not going to be the same as I felt it had been. And you become more emotionally attached to those issues when you care a lot about the institution and your relationship to it, and I think that's happening again now, in the next transition, where people aren't sure where they fit in necessarily, and it becomes very personally difficult, because the connection of the institution to the individual -- including some of the grantees, by the way.

There are people who have been supported by the Corporation, sometimes to develop whole programs that have become famous in and of themselves. Marian Wright Edelman, I think, was someone who got a lot of early support from Carnegie, and her Children's Defense Fund has a lot of other support and has done wonderful things in the world, but I think there's always a bond there between Carnegie and her. Because we feel we helped her do some of the wonderful things she's doing.

[END OF INTERVIEW]