

Remarks By Glenn W. Giddings

Most persons would probably give a quick affirmative answer to the question, "Should Industry Assist Graduate Education?" It might come as a surprise, as indeed it did to me, to find that a strong case can be made for the negative.

In opening the discussion on the question of assisting graduate education, I think it might be helpful to try to view it in a larger context. Support to graduate education cannot be isolated; it is a part of the larger problem of support to education. And further, although we all recognize the interdependence of education and industry, a still broader question may appropriately be asked, "Does industry have responsibility to education?" Or, to put it even more strongly, "Is Industry obligated to assist education?" This question, in turn, is part of a still larger problem, "Does business have social responsibilities?" What is the business of business?

Theodore Levitt of Harvard University, writing in the Harvard Business Review, has this to say, "In the end, business has only two responsibilities -- to obey the elementary canons of every-day, face-to-face civility (honesty, good faith, etc.) and to seek material gain."¹ Milton Freedman, Economist of the University of Chicago, has declared, "If anything is certain to destroy our free society, to undermine its very foundations, it would be a widespread acceptance by management of some social responsibilities in some sense other than to make as much money as possible. . . ."² And consider this further testimony from Kelso and Adler on the responsibilities of management. In The Capitalist Manifesto these authors conclude that ultimate control of a corporation "should rest with those who own it, not with those who merely run it. . . . For the management of a corporate enterprise to dispose of what rightfully belongs to its stockholders without their free, present and affirmatively expressed consent is despotism, and it remains despotism no matter how benevolent or wise management is in acting for what it thinks to be the 'best interests' of its stockholders."³

These negative pronouncements have all been made within the past five years. In sum, they sound a cautionary note, and provide food for considerable thought on what the social responsibilities of business actually are. The predominance of current opinion, however, is positive, that is, that industry does indeed have social responsibilities, including an obligation to assist in supporting education.

The famous A. P. Smith Case in New Jersey a decade ago has been widely taken as precedent.⁴ In that case, as you may recall, the A. P. Smith Company sought approval in the courts for an unrestricted gift of \$1,500 to Princeton University, to which the stockholders had objected. Judge Stein of the Superior Court of New Jersey found in favor of the Company. His decision was upheld by the Supreme Court of New Jersey, which held, in effect, that a corporation has social responsibilities, including not only the right but the duty to assist education as being in the common good. An appeal to the Supreme Court of the United States was dismissed, "for the want of a substantial Federal question."

Judge Stein's decision in the Smith Case, although not tested outside of the New Jersey courts, has undoubtedly been a factor in increasing industrial support to education. It has come to be felt that it is no longer necessary to have a specific quid pro quo, some demonstrable direct benefit to the corporation that may be used in justification of each gift of the stockholders' money.

This practice of giving without a specific quid pro quo is a relatively new factor in corporate support to education. In a book on Corporation Giving, that was published by F. Emerson Andrews of the Russell Sage Foundation at just about the time the A. P. Smith Case arose, the author makes this comment, "Corporation giving, however, is not based on pure altruism. . . . Enlightened selfishness is a legal requirement." The author proceeds, "Much corporation giving undoubtedly proceeds from mixed motives. It is done in behalf of a soulless entity, with selfish advantage obligatory, but by persons whose hearts sometimes outvote their heads."⁵ This is a very good statement, for until fairly recently, many appeals for corporate contributions were made on an emotional and personal basis, and giving was capricious.

Recently there has been a marked change. Many companies have established separate components for developing policies and practices of giving, and some have established their own educational foundations. But there is one thing that must not be lost sight of -- the money that corporations give in support of education is still business dollars. If it were not given to education, it might be used for the direct benefit of either the stockholders through increased dividends, or of the customers through lower prices. When diverted to support of education, the objective should be to support the long-range interests of the business.

John A. Pollard, Vice President of the Council for Financial Aid to Education, has put the case well. In an article in the Harvard Business Review, he says, "Now, management sees clearly that support of education in its many forms is not just philanthropy; it is also an investment that benefits the corporation --

1. By stimulating the growth of new knowledge and making possible a wider dissemination of present learning.
2. By recognizing that an adequate supply of educated manpower results from good teaching under favorable circumstances.
3. By fostering a social, economic and political climate in which the company can continue to progress."⁶

Let us return now to the specifics of our question: What are the obligations of industry to assist graduate education? I should like to mention two areas in which I think industry has a pretty well defined obligation to assist in supporting graduate education.

One of them is the preparation of teachers, college teachers particularly. The supply of adequately qualified faculty members seems likely to be the greatest bottleneck in American higher education during the next decade. Industry, in considering its dependence upon a continuing supply of educated manpower, might well take careful thought as to how it can assist graduate education in the production of teachers.

Another area in which, it seems to me, neither industry nor education has made a full assessment of the needs, is the whole field of what has become known as continuing education. Whose job is it to bring up to date and keep up to date the many thousands of college graduates that populate industrial laboratories? Is it the job of the man himself? Certainly, in part. Is it the job of the educational institution that once helped him to learn, but perhaps did not help him sufficiently in learning how to keep on learning? . . . Should education give any "in-service warranty" with its product? Or is it the job of the employer to sense inadequacies or imbalances in the background of employees engaged in practicing changing technologies, and to pay for correcting them? Certainly, at least in part.

The magnitude of the problem of continuing education has not yet, I believe, been fully sensed, and both industry and education must be prepared to participate in a careful assessment of the needs in this area and how to fill them.

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