Should Big Business Help the Colleges?

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Latest trend of thought for a way to pull the private colleges of America out of their current financial depression is for big business—now the principal custodian of the nation's wealth—to recognize an obligation to help foot the bills for regular operations of the colleges.

Corporations for many years have advanced substantial sums of money for research fellowships, for research grants, and for contract research. Now the idea has been advanced by influential business and industrial leaders that the products of higher education are so important to the corporations and to the survival of free enterprise, that big business cannot afford to let colleges wither on the vine for lack of financial nourishment.

In advancing this idea in some half a dozen magazine articles and public addresses in the last year or two, the advocates have assumed the premise that it is the private colleges—as opposed to publicly supported institutions—are suffering from inflated operating costs, lower enrolment, and other difficulties. Such diverse publications as Colliers, Time, Business Week, New York Times Magazine, News Week, Fortune and the Atlantic Monthly have viewed with alarm the financial depression of the colleges.

The explanations are simple. Private institutions are suffering from inflated operating costs, lower endowment income, and in some cases lower enrolment. Publicly supported institutions are suffering from lower enrolment caused by dwindling of the veterans' program and the low birth rate of 18 years ago, and the difficulty of finding tax revenues to meet the needs.

Inflated operating costs seem to be here to stay. Interest rates are now a little higher than they were a few years ago, but not enough to put the endowed institutions back on their feet. State supported colleges and universities—at least in states where the per capita income is low—find that legislatures under great pressure to provide for inflation-ridden highway programs, public school aid and welfare demands,
show no great promise of large increases in appropriations for higher education. Income from student fees won't increase much until the reversal of the birth rate trend reaches the colleges a few years hence.

About the only hope that has developed for substantial new financial support for either public or private colleges and universities is the proposal that big business and industry enter the picture actively.

One of the first to make a strong case for such support was Alfred P. Sloan, chairman of the board of General Motors, who wrote "Big Business Must Help Our Colleges" for Colliers.

A pamphlet, "The Five Percent," prepared by Beardsley Ruml and Theodore Geiger for the National Planning Association, showed how corporations could give financial support to colleges by taking advantage of the income tax law provision permitting a five percent deduction for educational, scientific and welfare purposes.

Irving Olds, chairman of the board of U. S. Steel, is another who feels strongly that big business has an obligation to participate actively in support of higher education—although he limits his comments to private colleges.

"Capitalism and free enterprise owe their survival in no small degree to the existence of our private, independent universities," Mr. Olds said in a speech at the 250th anniversary of Yale University. Fortune magazine considered this viewpoint important enough to quote Mr. Olds at length in an article, "Should Business Support the College," last December.

Proposing that U. S. business "go to the rescue of independent education," Mr. Olds said "Every well-managed corporation, of course, must preserve, improve and develop the major sources of its raw materials; but if it is necessary for us to spend millions of dollars to beneficiate the ore, which goes into our blast furnaces and to process the coal which goes into our coke ovens; then why is it not equally our business to develop and improve the quality of the greatest natural resource of all—the human mind?"

Substantial financial aid from individuals is important, but is a declining prospect, both because of heavy income taxes, and the fact that in many cases capital already accumulated must be conserved in order to take care of estate taxes. Laird Bell, Chicago attorney and corporation director, and member of the board of trustees of the University of Chicago, described this problem in an Atlantic Monthly article, "If Corporations Will Give."

Corporations are now the custodians of a major portion of the nation's wealth, and as such, they must assume responsibility for wise use of the resources, he argued.

At the University of Oklahoma as well as every other large institution, corporations have shown an active interest in supporting research, largely through fellowships, by grants for special projects, or by contract research in highly specialized fields. The next logical step, Mr. Bell believes, is for corporations to use some of the wealth they control to "promote both theoretical research at the university level and the production of good citizens at the college level."

Most of the writers who have made a fervent plea for big business to come to the rescue of the colleges advance the thesis that it is the private, independent colleges that are the chief—and perhaps the only—guardians of academic freedom and free enterprise. The implication seems to be that if the private institutions don't get the cash they need, the light of learning in America will blink out, the publicly supported institutions will follow the lead of socialistic bureaucrats, and free enterprise will die a sad death.

This interpretation of the viewpoint of the private colleges is, of course, a gross exaggeration. But the thesis that academic freedom and free enterprise flourish only in the shadows—long though they be—of the great private institutions hardly seems to hold water. Even in legal terms, many of the controlling boards of state universities have great freedom—buttressed by court decisions—to do whatever is necessary to accomplish the purposes of their institutions.

The achievements of such great publicly supported institutions as the University of California, the University of Wisconsin, the University of Minnesota, the University of Michigan, Ohio State University, Purdue University—and many others—can hardly be dismissed as bureaucratic routine.

The huge enrolments in the state universities attest to the fact that not all college students can go to private institutions. In Oklahoma, nearly 80 percent of the college students attend state or municipally supported colleges. Since this condition isn't likely to change significantly, it seems reasonable to encourage and promote financial aid from big business to publicly supported institutions as well as private ones. In any event, such aid would make them more independent than they now are.

In Oklahoma, state-supported educational institutions are specifically authorized by law to accept gifts, and the State Regents for Higher Education are directed not to take such gifts into consideration in making regular appropriations for the operational needs of the institutions.

To the extent that money from private business is received to enrich and improve the work of such an institution, the college is made more independent of any unwarranted governmental interference with the freedom of thought that is essential for the highest kind of educational endeavor.

The unquestioned fact that many private institutions have performed magnificently in advancing the cause of higher education, academic freedom and humanity, is explained by many complex factors. Some of the most obvious are: 1) their age as compared to many of the state universities; 2) their locations near the concentrations of economic and political power; 3) the moving of their alumni into places of influence and control of wealth.

A study of gifts from all sources for the last thirty years shows that Yale, Harvard, Chicago, Northwestern and Columbia received 46 percent of the total donations for higher education for that period.

The Southern Regional Education Board reports that 80 percent of the 800 million dollars spent by the federal government on research at universities last year was distributed to 20 institutions in the northeast, the Chicago area and the Pacific coast. These huge expenditures of money for research enabled the select few institutions to take their choice of scientists from less fortunate institutions in the south and southwest. The result has been a serious shortage of scientific talent in the south and southwest.

Scientific research is a complex activity. Even the big industries that have put large sums of money into large research laboratories of their own have found that problems often require the services of specialized talent that they cannot afford to employ regularly. A university is the only kind of place where scientists of all major fields may be found in one place, ready to assemble a working team to attack any kind of problem and prepared to pursue the search

Continued page 28
year at the American University in Cairo before coming to the United States. All of his college work in this country has been at O. U. with the exception of two summers at the University of California.

Istani, like Kamal, the Iranian, selected his field because it is a relatively new type of work in his home country. After working for a time in the United States, he plans to return to Egypt.

These are vignettes of four foreign students; they are not typical. They can in no sense be typical, because each is a person, a person with his own ideas, his own brand of ambition.

Africa, Asia, South America, Canada . . . these are the places from which they come. Canada is represented by 38, Egypt 1, Iran 1, Iraq 1, Palestine 1, Trans Jordan 1, Turkey 1, Mexico 2, Honduras 1, Panama 1, Argentina 1, Bolivia 4, Brazil 2, Columbia 5, Peru 2, Venezuela 3, Hawaii 7, Puerto Rico 3.

They study many types of engineering: 39 are in architecture, 8 in civil engineering, 7 in geological engineering, 5 in mechanical engineering, 4 in architectural engineering, 3 in electrical engineering, 1 in chemical engineering, 1 in engineering physics, and 1 in natural gas engineering.

Add it up: the total is 75.

Should Business Help . . .

for new knowledge in many different directions. It is only in such places that major work in fundamental research can be carried on. And it is important to remember that it was fundamental research (exploration for knowledge rather than trying to solve a practical problem) that led to the radio industry, to the atom bomb, to penicillin—and to most of the other scientific achievements now shaping our destiny.

Will the educational institutions of Oklahoma continue to "get by" with modest budgets that put a ceiling on quality of the faculty, that limit fundamental research to a few inexpensive projects, that restrict the public services seriously needed for the development of the state's economic and human resources?

Are the big businesses of Oklahoma interested enough in the college graduates they are going to hire to take a real interest in the kind of education those future executives receive?

Unless the money comes from somewhere—larger tax revenues, higher student fees, or substantial support from private sources such as business and industry—Oklahoma will continue to see much of its greatest resource, the cream of its brightest young people, exported to eastern and northern universities to prepare themselves for careers somewhere else than in Oklahoma.