New Directions for Carnegie Corporation of New York
A Report to the Board

by
Vartan Gregorian, President
February 2, 1999

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In the history of institutions, changes in leadership have often provided opportunity for reflection on the purposes and policies of an organization and occasion for institutional renewal and rededication. Carnegie Corporation of New York is no exception. Soon after I joined the foundation as its president in June 1997, the program staff and I together undertook an in-depth review of the scope and effectiveness of our past and current grant programs to enlighten us as to our future course of action. While a detailed explanation of the review was provided in my 1997 annual report essay, *Some Preliminary Thoughts*, it is worth repeating that this process involved scores of educators, scholars, scientists, journalists, business leaders, program practitioners, public servants, presidents of universities and colleges, and the staff and leadership of many sister foundations and professional associations. Among other activities, the foundation held some twenty-six meetings eliciting comments about issues of importance and producing useful suggestions for our particular focus and approach. Following this phase in the review, we submitted our recommendations for future grantmaking to the trustees for discussion and approval. The plans correspond with our historical mission and legacy, maintain a balance between continuity and change, and stress our comparative advantage in certain areas. The new programs are intended to serve as a catalyst for change while taking the long view; they will seek partnerships in implementing programmatic objectives and priorities and incorporate a credible evaluation system and dissemination scheme. Internally, the structures for decision making will encourage maximum interaction and cooperation among the staff. The following provides a brief history of Carnegie Corporation; descriptions of the new programs can be found in the section 1999 and Beyond

CARNEGIE CORPORATION 1911–98

Historian and former Librarian of Congress Daniel Boorstin once remarked, "To try to create the future without some knowledge of the past is like trying to plant cut flowers." I agree with him. In looking back over the impressive eighty-eight-year record of the Corporation, it is plain we are not only reaffirming our historic role as an education foundation but also honoring Andrew Carnegie's passion for international peace and the health of our democracy. Carnegie established Carnegie Corporation of New York in 1911 "to promote the advancement and diffusion of knowledge and understanding." While his primary aim was to benefit the people of the United States, he later determined to use a portion of the funds for members of the British overseas Commonwealth. With this mandate and an endowment of $125 million (later augmented by $10 million), Carnegie dedicated his foundation to eliminating one of the "greatest causes of social backwardness" — ignorance.

Carnegie was assuredly a creature of his times, yet he succeeded in enunciating the principles of philanthropy, as distinguished from charity, that are relevant today. To Carnegie, the aim should be "to do real and permanent good in this world." The obligation of the rich was the betterment of their fellows, by placing the "ladders on which the aspiring can rise." Libraries, museums, and universities were among the venues for reaching those "who have the divine spark even so feebly developed, that it may be strengthened and grow." A maverick capitalist, Carnegie argued against inherited wealth, calling it bad for both society and the beneficiaries. Wealth aggregation, he argued, was necessary for progress and civilization, for "through it unimaginable benefits would be put into the hands

of many," but capitalists, "the anointed trustees of public wealth," had a social and moral duty to administer that wealth on behalf of their fellows during their lifetime. His verdict was: "The man who dies thus rich, dies disgraced. . . ." Carnegie gave away more than 90 percent of his wealth before he died in 1919.

Carnegie saw democracy, education, the diffusion of knowledge, and philanthropy as fundamental tools for strengthening the bonds among all people. In democracy he saw a form of government that provided equality before the law, freedom from authoritarian restriction, and equal representation. In education and the diffusion of knowledge, he saw the means to provide everyone with an opportunity to succeed and the pathway by which nations might come to resolve their conflicts peacefully, hearkening toward a new age of "universal civilization." Education was not only a basic instrument for the creation of new knowledge, but a pillar of democracy and a means for the enlightenment and self-improvement of individual citizens. In philanthropy he saw a way to bring all these elements together and to bridge the gulf that separated social and economic groups.

As a self-educated man and firm believer in popular education (his formal education ended at the age of twelve), Carnegie thought that access to books should be a part of the birthright of every youngster and that public libraries, still an innovation in American life, should be an indispensable civic institution. Carnegie and Carnegie Corporation spent $56 million to establish 2,509 public libraries, of which 1,681 were in the United States. In his relentless quest for new knowledge and world peace, Carnegie founded four trusts and three "temples of peace." Among them, the Carnegie Endowment for International Peace was heavily supported by the Corporation, as were other operating foundations established by Carnegie, including The Carnegie Foundation for the Advancement of Teaching (CFAT) and the Carnegie Institution of Washington.

Carnegie ran the Corporation himself in its first eight years, continuing to create public libraries and making gifts for church organs, buildings and endowments, and cultural organizations. In 1918, under an arrangement negotiated by Carnegie and the CFAT (which Carnegie had founded in 1905), the Corporation gave $1 million to found what has become one of the largest insurance companies in the world, the Teachers Insurance Annuity Association of America. (The nonprofit stock of the association, now called TIAA-CREF, was owned outright by the Corporation until 1938, when it was transferred to an independent board of trustees.)

In Carnegie's first letter of gift to the Corporation he made clear his wishes for its future: "Recognizing that no wise man will bind Trustees forever to certain paths, causes, or institutions, I disclaim any intention of doing so. On the contrary, I give my Trustees full authority to change policy or causes hitherto aided, from time to time, when this, in their opinion, has become necessary or desirable. They shall best conform to my wishes by using their own judgment."

Over the years the Corporation's leadership has tried to be true to these instructions, adapting its programs and priorities to changing circumstances. The foundation has contributed to the expansion of higher education and adult education; the advancement of research on learning and development in early childhood; the promotion of educational and public interest broadcasting; and the advancement of minorities and women in precollege and higher education. More recently it has furthered public understanding of the education and health needs of children in the first three years of life and of young adolescents and brought to public attention the risks of superpower confrontation, nuclear war, and ethnic and civil strife.

Following Carnegie's death, the Corporation began to align its programs with the more scientific assumptions that were coming to dominate social initiatives in the early part of this century. Convinced of the nation's need to increase scientific expertise and "scientific management," the Corporation sought to build centers of excellence in the natural and social sciences. Large grants were made to the National Academy of Sciences/National Research Council, the Carnegie Institution of Washington, the National Bureau of Economic Research, the Food Research Institute at Stanford University, and the Brookings Institution. At this time the Corporation also developed an interest in adult education and lifelong learning as a logical sequel to Carnegie's preoccupation with libraries as "the university of the people." In 1919 it initiated the vast Americanization Study to explore educational opportunities for adults, primarily new immigrants.

Under Frederick M. Keppel, president from 1923 to 1941, the Corporation shifted from the creation of public libraries to strengthening library infrastructure, services, and training and building the field of adult education, adding arts education to the array of programs in colleges and universities. The foundation's grantmaking during this period was marked by a certain eclecticism and a remarkable perseverance in its chosen causes. From the crash of 1929 through the Depression, Keppel stuck to his belief that a foundation should determine what, *in the long run*, should be the wisest use of the philanthropic dollar.

Keppel was behind the famous study of race relations in the United States by the Swedish social economist Gunnar Myrdal, deliberately appointing, in 1937, an "outsider" and a non-American to manage the study on the theory that the task should be undertaken by a fresh mind unencumbered by traditional attitudes or earlier conclusions. Widely heralded, Myrdal's book *American Dilemma* (1944) had no immediate public policy impact, although it was later heavily cited in legal challenges to segregation. In general, Keppel believed foundations should make the facts available to the public and let them speak for themselves, not directly or indirectly undertake to instruct the public as to what to do about them. His cogent writings about philanthropy left a lasting impression on the foundation field and influenced the organization and leadership of many new foundations.

In 1927 Keppel toured sub-Saharan Africa and recommended the first set of grants to establish public schools in East and southern Africa. Other grants were made for municipal library development in South Africa. In 1928 the Corporation launched the Carnegie Commission on the Poor White Problem in South Africa. Better known as the "Carnegie Poor White Study," it served to promote strategies for improving the position of rural Afrikaner whites. (The poverty, oppression, and political exclusion of South African blacks were explicitly addressed in the grant programs and in a second Carnegie inquiry during the late 1970s and early 1980s.)

World War II and its immediate aftermath were a relatively inactive period for the Corporation. When Charles Dollard, who had joined the staff in 1939 as Keppel's assistant, became president in 1948, the foundation deepened its interest in the social sciences, particularly the study of human behavior, and entered the field of international affairs. At Dollard's urging, the Corporation heavily supported quantitative, "objective" social science research modeled after the hard sciences and helped to diffuse the ideas throughout leading universities. At this time, the Corporation became a leading proponent of standardized testing in the schools as a means for determining academic merit irrespective of social or economic background. Among other initiatives, it helped to broker establishment of the Educational Testing Service in 1947. In recognition of the United States' rising need for scholarly and policy expertise in international affairs, the Corporation also launched, with the Ford Foundation, foreign area studies programs in colleges and universities, helping to

establish and sustain the Russian Research Center at Harvard University. Following Afrikaner political ascendance in 1951, the Corporation ceased grantmaking in South Africa for more than two decades, turning its attention to the development of universities in East and West Africa.

Under John W. Gardner, who rose from a staff position to the presidency in 1955 (Gardner simultaneously became president of the CFAT, which was housed at the Corporation), the Corporation continued to upgrade scholarly competence in foreign area studies and strengthened its programs in liberal arts education. In the early 1960s, the Corporation inaugurated a program on continuing education, also supporting the development of new models for advanced and professional study tailored to the needs of mature women. Gardner's interest in leadership development led to creation of the White House Fellows program in 1964. Notable among the grant projects to strengthen higher education in sub-Saharan Africa was the 1959–60 Ashby Commission study of Nigeria's needs for postsecondary education, which had the effect of stimulating widespread aid to African nation's systems of higher and professional education from the United Kingdom, Europe, and the United States. While Gardner's strong interest was education, as a psychologist he saw the value of the behavioral sciences in addressing societal and world problems. At his urging, the Corporation supported much of the nation's basic research on cognition, creativity, and the learning process, particularly among young children, in the process linking the fields of psychology and education. The Corporation's most important contribution to precollege education reform at this time was a series of studies of education carried out by James B. Conant, former president of Harvard University. In particular, Conant's study of the comprehensive American high school (1959) resolved a heavily polarized public debate over the purposes of public secondary education, making the case that schools could adequately educate both the academically gifted and the average student.

With Gardner, Carnegie Corporation entered the era of strategic philanthropy — the planned, organized, deliberately constructed means to attain stated ends. It no longer sufficed to support a socially desirable project; rather, the knowledge must produce concrete results and be communicated to the public, the media, and decision makers with the intention of fostering policy debate. A central objective was to develop programs that might be implemented and scaled up by larger organizations, especially government. The turn toward "institutional transfer" was partly in response to the relatively diminished power of the Corporation's resources, making it necessary to achieve "leverage" and "multiplier effects" if it was to have any impact at all. The Corporation saw itself more as a trendsetter in the world of philanthropy, often supporting research or providing seed money for ideas while others financed the more costly operations. As an example, the Corporation advanced the ideas leading to creation of the National Assessment of Educational Progress, later adopted by the federal government. Declaring that a foundation's most precious asset was its sense of direction, Gardner gathered a competent professional staff of generalists whom he called his "cabinet of strategy," regarding it as important a resource for the Corporation as its endowment.

While Gardner's standpoint on educational equality was to multiply the channels through which the individual could pursue opportunity and excellence, it was under long-time staff member Alan Pifer, who became acting president in 1965 and president in 1967 (again of both the Corporation and the CFAT), that the foundation began to respond to the claims by historically disadvantaged groups, including women, for equal opportunity and treatment. The Corporation developed three interlocking objectives: prevention of educational disadvantage; equality of educational opportunity in the schools; and broadened

opportunities in higher education. A fourth objective cutting across these programs was to improve the democratic performance of government. Grants were made to reform state government as the laboratories of democracy, underwrite voter education drives, and mobilize youth to vote, among other measures. Use of the legal system became a tool for achieving equal opportunity in education, as well as redress of grievance, and the Corporation joined the Ford and Rockefeller foundations and others in supporting educational litigation by civil rights organizations. It also launched a multifaceted program to train black lawyers in the South for the practice of public interest law and to increase the legal representation of blacks.

Maintaining its commitment to early childhood education, the Corporation supported the application of research knowledge in experimental and demonstration programs — programs that subsequently provided strong evidence of the positive long-term effects of high-quality early education, particularly for the disadvantaged. An influential study upholding the value of early education was the Perry Preschool Project of the High/Scope Educational Research Foundation. Its 1980 report on the progress of sixteen-year-olds who had been enrolled in the experimental preschool programs was crucial in safeguarding Project Head Start at a time when federal social programs were being scaled back. The foundation also promoted educational children's television, launching the Children's Television Workshop, producer of *Sesame Street* and other noted children's educational programs. Growing recognition of the power of television as an educator prompted formation of the Carnegie Commission on Educational Television, whose recommendations were adopted in the Public Broadcasting Act of 1968 establishing the public broadcasting system. Among the many reports on American education financed during this time, including Charles E. Silberman's acclaimed *Crisis in the Classroom* (1971), undoubtedly the most controversial was Christopher Jencks' *Inequality: A Reassessment of the Effect of Family and Schooling in America* (1973). The timing of this report, which confirmed quantitative research (e.g, the Coleman Report) showing a weak relationship of public school resources to educational outcomes, corresponded with the foundation's burgeoning interest in improving the effectiveness of schools.

Reentering South Africa in the mid-1970s, the Corporation worked through universities to increase the legal representation of blacks and build the practice of public interest law. At the University of Cape Town, it established the Second Carnegie Inquiry into Poverty and Development in Southern Africa, this time to examine the legacies of apartheid and make recommendations to nongovernmental organizations for actions commensurate with the long-run goal of achieving a democratic, interracial society.

The influx of nontraditional students and "baby boomers" into higher education prompted formation of the Carnegie Commission on Higher Education (1967), supported under the aegis of the CFAT. (In 1972, the CFAT became an independent institution after experiencing three decades of restricted control over its own affairs.). In its more than ninety reports, the commission made detailed suggestions for introducing more flexibility into the structure and financing of higher education. One outgrowth of the commission's work was creation of the federal Pell grants program offering tuition assistance for needy college students. The Corporation promoted the Doctor of Arts "teaching" degree as well as various off-campus undergraduate degree programs, including the Regents Degree of the State of New York and Empire State College. The foundation's combined interest in testing and higher education resulted in establishment of a national system of college credit by examination (College-Level Entrance Examination Program of the College Entrance Examination Board). Building on its past programs to promote the continuing education of women, the foundation made a series of grants for the advancement of women in academic life. Two

other study groups formed to examine critical problems in American life were the Carnegie Council on Children (1972) and the Carnegie Commission on the Future of Public Broadcasting (1977), the latter formed almost ten years after the first commission.

David A. Hamburg, a physician, educator, and scientist with a public health background, took the helm in late 1982 with the intention of mobilizing the best scientific and scholarly talent and thinking around "the prevention of rotten outcomes" — all the way from early childhood to international relations. The Corporation moved away from higher education, placing priority on the education and healthy development of children and adolescents and the preparation of youth for a scientific and technological, knowledge-driven world. In 1984, the Corporation established the Carnegie Commission on Education and the Economy. Through its major publication, *A Nation Prepared* (1986), the foundation reaffirmed the role of the teacher as the "best hope" for ensuring educational excellence in elementary and secondary education. An outgrowth of that report was establishment, a year later, of the National Board for Professional Teaching Standards to consider ways of attracting able candidates to the teaching profession and recognizing and retaining them. At the Corporation's initiative, the American Association for the Advancement of Science issued two groundbreaking reports*, Science for All Americans* (1989) and *Benchmarks for Science Literacy* (1993), which recommended a common core of learning in science, mathematics, and technology for all citizens and helped set national standards of achievement in these domains.

An entirely new focus for the Corporation was the danger to world peace posed by the superpower confrontation and weapons of mass destruction. The foundation underwrote scientific study of the feasibility of the proposed federal Strategic Defense Initiative and joined the John D. and Catherine T. MacArthur Foundation in supporting the analytic work of a new generation of arms control and nuclear nonproliferation experts. After the collapse of the Soviet Union, Corporation grants helped promote the concept of cooperative security among erstwhile adversaries and projects to build democratic institutions in the former Soviet Union and central Europe. An important undertaking was the Prevention of Proliferation Task Force, coordinated under a grant to the Brookings Institution, which inspired the Nunn–Lugar Amendment to the Soviet Threat Reduction Act of 1991 aimed at dismantling Soviet nuclear weapons and reducing proliferation risks. More recently, the Corporation has addressed the problems of interethnic and regional conflict and supported projects seeking to diminish the risks of a wider war stemming from civil strife. Two Carnegie commmissions, one on Reducing the Nuclear Danger (1990), the other on Preventing Deadly Conflict (1994), together addressed the full range of dangers associated with human conflict and the use of weapons of mass destruction. The Corporation's thrust in Commonwealth Africa, meanwhile, shifted to women's health and leadership development and the application of science and technology, including new information systems, in fostering research and expertise within indigenous scientific institutions and universities.

Under Hamburg, dissemination achieved even greater primacy in the arsenal of strategic philanthropy. Emphasis was on consolidation and diffusion of the best available knowledge from social science and education research and the use of such research in improving social policy and practice. Major partners in these endeavors were leading institutions that had the capability to influence public thought and action. If "change agent" was a key term in Pifer's time, "linkage" became the byword in Hamburg's, when the Corporation increasingly used its convening powers to bring together leaders and experts across disciplinary and sectoral boundaries to forge policy consensus and promote collaboration.

Continuing tradition, the foundation established in its name several other major study groups, often led by the president and managed by a special staff. Three groups covered the educational and developmental needs of children and youth from birth to age fifteen: the Carnegie Council on Adolescent Development (1986), the Carnegie Task Force on Meeting the Needs of Young Children (1991), and the Carnegie Task Force on Learning in the Primary Grades (1994). Another, the Carnegie Commission on Science, Technology, and Government (1988), recommended ways that government at all levels could make more effective use of science and technology in their operations and policies. Jointly with the Rockefeller Foundation, the Corporation also financed the National Commission on Teaching & America's Future, whose report, *What Matters Most* (1996), provided a framework and agenda for teacher education reform across the country. Characteristically these study groups drew on the knowledge generated by the grant programs and from relevant fields and inspired followup grantmaking to implement the recommendations.

1999 AND BEYOND

In the coming years, the Corporation will continue, with some shift of emphasis, much of the work begun previously, while making substantial changes in direction as outlined below. The new program headings will be Education, International Peace and Security, International Development, and Democracy. Special Projects will continue as a vehicle for making grants outside the regular program areas and for encouraging cross-program collaboration. Within and across the four main areas, we will once again be engaged with major issues confronting higher education. Domestically, priority will be given to the reform of teacher education and to examining the current status and future of liberal arts education in the United States. In our international programs, ways will be sought to strengthen higher education and public libraries in Commonwealth Africa. As a cross-program initiative, and in cooperation with other foundations and organizations, we plan to assist scholars, particularly in the social sciences and humanities, in the independent states of the former Soviet Union.

The Education program will be concerned with formal education from preschool through the undergraduate experience. In addition to the aforementioned higher education programs, we will build on the foundation's previous work in early childhood education and child care, turning our attention to the goal of broadening access to high-quality services. At the elementary and secondary level, special attention will be given to the urgent need for upgrading the quality of education in urban public school districts and to finding leaders who can reform schools and improve achievement.

Under the rubric of International Peace and Security, the emphasis will be on Russia and some of the former states of the Soviet Union. It is our firm belief that the outcome of events there will be fundamental to the world's future. The nonproliferation of nuclear, chemical, and biological weapons will also be of central concern, as will the roots of current and future conflict.

Within International Development, we will attempt to strengthen a limited number of Commonwealth African universities to serve as models of successful transformation; assist the cause of women's higher education there, and position selected African public libraries for the information age. The foundation will also support a few small-scale projects to examine the rule of law in Africa and ways African universities can assist in developing skilled manpower for entrepreneurship.

Under the Democracy program, we will continue our support of research and dissemination on electoral reform, concentrating on campaign finance issues at the state and local levels and efforts to improve the tenor of campaigns. We will also support examination of the social, economic, and political consequences of a widened income gap in America and studies of intergroup relations (ethnic, racial, and religious), including the educational and cultural needs of older Americans. The overall aim will be to reengage Americans with our democracy and with democratic institutions and to strengthen our common ground.

In the planning stages is a new Carnegie Fellowship Program with the specific goal of assisting budding and, where appropriate, established scholars whose research will contribute or illuminate the subject areas that are within the programmatic priorities of the Corporation. Finally, a 21st Century Fund has been created as a mechanism for commemorating Andrew Carnegie's library benefactions and providing one-time support for other causes. The following sections elaborate on the ideas behind the new programs and describe them in more detail.

EDUCATION

The end of the nineteenth century and the early decades of the twentieth were the age of the mass production industrial worker, in which public schools were expected to provide no more than very basic skills and a sense of common citizenship for most children. A century later, ours has become the age of the knowledge worker, in which education has taken on greater importance for the personal development of individuals, for the civic, social, and economic development of the nation, and for the search for solutions to the global challenges facing humankind. Today education is seen by governments and societies around the world as a driver of economic and social change and as a primary means for adapting to it. Our own nation's future depends on the priority given to the continued development of new knowledge and investments in human capital. The economic payoff of education for individuals is strong. Income differentials between those with a college education and those without are pronounced. Undeniably, opportunities to acquire good jobs and income are requiring higher levels of formal education.

Since Andrew Carnegie's era, the United States has made great strides in providing a decent education for the great majority of its citizens. "Perhaps the greatest idea that America has given the world is the idea of education for all," remarked the legendary president of the University of Chicago, Robert Hutchins. More people than ever before have access to basic education, and more have the opportunity to attain some form of higher education. But in light of the rapidly changing economic, technological, and social context and of our greatly increased knowledge of how human learning occurs, the response of our education system is inadequate. The traditional structures and formal systems for providing young people an education are often outmoded by the measure of today's and certainly tomorrow's needs. Education's bureaucratized structure inherited from another age must be modernized to fit the new circumstances.

EARLY CHILDHOOD EDUCATION AND CARE

Cumulative research evidence from neuroscience, psychology, physiology, and nutrition indicates that the most rapid physical and mental growth occurs during infancy and early childhood. The early years are critical in the formation and development of intelligence, motivation, and social behavior. The traditional focus of public investment in education only after a child reaches school age is shortsighted in light of research on early learning and the rising need for child care by working parents.

The major problems facing young children and families are well described in the Corporation's two early childhood reports, *Starting Points* (1994) and *Years of Promise* (1996). In our current social and economic context, parenting has become more stressful, especially for those living in low-income communities. Even though time-saving conveniences have, in theory, enriched modern family life during past generations, many of today's parents are juggling multiple roles without adequate social supports and knowledge about effective childrearing practices. Child care and preschool education are not available on a broad enough basis, and the quality of the settings and offerings for the majority of the 13 million children in early childhood programs is poor to mediocre. Under these conditions, millions of children are not learning enough to prepare them for school. Moreover, as *Years of Promise* points out, in their progress from preschool through the early grades, many children, most often in urban settings, gradually lose their natural curiosity and enthusiasm for learning. Their achievement drops off, their motivation declines, and their behavioral problems grow. The pattern of educational underachievement and failure to master basic skills, such as reading and computation, by the end of the third grade become strong predictors of academic, social, and health problems in adolescence.

Although national acceptance of the merits of early childhood education and care has grown, it remains an underfinanced, unevenly staffed, highly fragmented non-system that many parents cannot successfully navigate. Building on the foundation's leadership role in the early childhood field, the Corporation intends, in cooperation with other organizations and institutions, to promote research and policy analysis designed to expand the availability of affordable high-quality programs — programs that will improve all children's chances of success in school and better meet the needs of working parents. The Corporation will support new analytic work on the design of an effective early learning system, concentrating on issues of financing, professional development, and consumer education.

In the financing and human resource development areas, we may support formation of a small number of national or state-based commissions with selected policymakers, business leaders, and child care experts to create comprehensive financing and staffing plans and to disseminate the models elsewhere. Other priorities might include the development of more effective training models and analyses of licensing and accreditation policies that provide incentives to strengthen the preparation of early childhood educators.

Stimulating new public and private investments in high-quality early education and care will require better understanding of parents' emerging needs. To increase public demand, we may support broad dissemination of information about such programs through targeted strategic communication campaigns and "consumer reports" that rate the effectiveness of services. Ways to enhance parents' roles as children's first teachers will also be considered. Corporation staff members are exploring the feasibility of creating an "entrepreneurial design and development fund" for promising early childhood parenting programs. The fund would provide advice on quality enhancement, strategic planning, marketing, evaluation, and sound business practices to help spread innovation nationally.

Making a successful transition from preschool through the primary grades is critically important for young children. According to experts, mastery of basic skills by the end of the third grade would have a significant impact on students' academic and social trajectories and, by reducing placements in special education, would result in cost savings for education. *Years of Promise* offers the vision of a more integrated strategy linking parenting support, better early childhood education, and stronger follow-through in schools, especially for the nation's urban families. The recent National Research Council study, *Preventing Reading Difficulties in Young Children* (1997), also provides a useful framework for linking preschool

and school. As the report points out, learning to read is a lengthy process that, optimally, begins early in life with the development of rich language skills. Family and child-care settings for children in low-income communities often provide relatively impoverished language and literacy environments, and many primary and preschool teachers have had no training in effective approaches to literacy.

To strengthen the transition from early childhood to the early grades, we will undertake a limited number of projects to strengthen the preparation of preschool and primary teachers; engage professional associations as well as textbook publishers in incorporating the research on reading into professional standards and educational materials for early childhood and primary grades; and encourage urban preschool and after-school programs to promote early literacy skills. Our work in strengthening reading and also math skills in the early grades will be linked to our efforts in urban school reform and after-school supports for learning.

URBAN SCHOOLS

Over the past decade, considerable progress has been made in upgrading education. More coherent federal and state policies to establish higher expectations for all students have been put in place, and new curriculum frameworks and new types of assessments are being developed to guide and evaluate learning to these standards. At the local level, hundreds of urban schools are involved in school redesign networks or are forming partnerships with other community organizations. As a result there are increases in test scores in many individual schools and some cities. More minority students are taking math, science, and advanced placement classes, and the historical gap between dropout rates for black and white students has significantly narrowed. Average scores in urban school districts continue to be low, however, and the pace of change and lack of clear evidence that reform can raise achievement substantially and on a broad scale has led to increasingly vigorous challenges to public education, with calls for market mechanisms and privatization to speed up change.

The goal of high standards for all students meets its greatest challenge in the nation's cities. Today urban schools enroll about 24 percent of all U.S. public school students, 35 percent of all students who are poor, and 43 percent of all minority students. Conversations about standards, testing, vouchers, public and private charter schools, funding, equity, desegregation, governance, privatization, social promotion, and the like are discussions, at the core, about public education in the central cities. Nowhere does a national resolve to strengthen our education system face a tougher test than in our inner cities. There, every problem is more pronounced, every solution harder to implement. Teacher shortages, drug abuse, dilapidated buildings, low student achievement, illiteracy, homelessness, teen pregnancy, crime, and inadequate teaching materials and technology complicate the destiny of our urban schools. The problems demand both systemic and targeted solutions developed in the context of enormous political, demographic, and economic challenges, social diversity, and scarce resources.

Change in urban public education in the United States is taking many forms, but a consensus has emerged over the past several years about which strategies seem the most effective in turning around urban schools and school systems. These strategies include setting fewer, clearer goals focused on challenging academic standards; establishing stronger, collective accountability for student and school performance; securing the services of an experienced teacher corps that has mastery of subject matter and proper pedagogical training; strengthening support for teachers and leaders; increasing community involvement; and building public support for urban education.

As it now stands, there are many excellent schools but no urban school districts in which all the schools are of high quality. The present form of centralized administration of urban schools, developed in the progressive period of the early twentieth century, attempted to bring standardization and rationality to what had been highly politicized collections of schools. Over the past decade, there has been a drive to reduce district offices, which have become ineffective bureaucracies stifling creative initiative, and to decentralize reform efforts to individual schools. While this removes some of the barriers for schools that can change themselves, it leaves the majority of schools without the services or supports needed to improve.

Currently, there are ongoing studies by many foundations to assess their efforts and investments in public education, particularly in urban education. These evaluations are crucial for sustaining progress and for providing accountability along with assurances as to the future of public education. It is incumbent on many foundations that have been active in the realm of public education to cooperate with each other and with schools in implementing the next phase of reform in order to help school districts continue reorganizing and raising their standards.

Recent reform efforts have focused considerable attention on teaching, but almost nothing has been done to address the nature and quality of leadership provided by urban school principals and superintendents. A good principal can create a climate that fosters excellent teaching and learning, while an incompetent one can quickly thwart the progress of the most dedicated reformers. The urban superintendent in turn is a highly visible figure on the front lines of education reform. Each of the jobs is changing dramatically, facing leaders with complex demands that they have not been trained for and that even the most experienced of them have difficulty meeting. Recruiting and preparing leaders who can redesign and reform schools and districts to accelerate academic achievement rather than just maintain the status quo is therefore an urgent need.

Creating schools that have well-prepared teachers, that are well led, and that have high expectations for all students is essential. But there are many learning environments *outside* the school that have powerful effects on children's success *in* school. For school-aged students from moderate- and higher-income households, the after-school hours often provide a rich array of sports, music, and cultural activities. But for many students growing up in unsafe, inner-city neighborhoods, the after-school hours are a missed opportunity at best. As urban schools begin to put higher academic standards in place, they are beginning to see the value of after-school programs, since some children will need more time and support than others to reach the standards. Reflecting concerns about safety as well as underachievement, after-school programs on a large scale are being developed in many cities. They are often, however, more custodial and recreational than educational.

In the coming year the Corporation will pursue several avenues for expanding reform efforts from schools to districts and for stimulating effective solutions across the nation. These include analyses of progress and barriers to change in a number of cities; identification and dissemination of effective district practices with respect to key roles, such as the professional development of teachers; assistance for local school change; the institution of accountability mechanisms; and mobilization of public support. The Corporation will also support analyses of the patterns of recruitment and training of urban school principals and superintendents and help to devise better models for identifying and training a new generation of urban school leaders. Finally, the foundation will build on its work on community/after-school supports for children and adolescents, seeking to increase and

document the effectiveness of after-school and extended-service programs in promoting academic achievement for students in urban areas.

HIGHER EDUCATION

During the past two centuries, especially since the founding of land-grant colleges and universities under the Morrill Act of 1862, American higher education has been the backbone of the nation's economic, cultural, scientific, technological, and political progress. Today, higher education in the United States leads the world in the number, variety, funding, and availability of its colleges and universities. According to some authorities, as many as three-quarters of the best universities in the world are located in the United States. We have 3,706 colleges and universities, of which 1,462 are two-year institutions. Together, they enroll approximately 14.3 million students and employ 2.6 million individuals, including a little more than 1 million faculty members or teaching assistants — more people than are in the automobile, steel, and textile industries combined. At present, U.S. higher education is a $250 billion enterprise amounting to about 3 percent of our nation's gross national product.

The university remains a powerful engine of intellectual, cultural, and scientific innovation and growth. In addition to the classic requirements to advance and spread knowledge through scholarship, teaching, and publication, institutions of higher learning are expected to

- Guard our past, our traditions, and our memory
- Articulate our aspirations and help shape the future
- Harness science and technology for the service of society
- Invent and discover solutions to the problems of today and tomorrow
- Promote equality along with quality, accessibility along with excellence, and liberality of thought along with rigor
- Provide opportunities for students to learn many skills, including ability in conceptual analysis, and train them in their future professions
- Develop in students responsible attitudes, values, behavior, understanding, judgment, and decision making with respect to individual and social ethics and the exercise of citizenship
- Lift the intellectual and spiritual level of our democracy.

Finally, in harmony with their mission, they were and still are expected to be the guardians of academic freedom, following the Jeffersonian imperative to the University of Virginia that education be based "on the illimitable freedom of the human mind. For here we are not afraid to follow truth wherever it may lead, nor to tolerate any error so long as reason is left free to combat it."

Overall, American higher education has done well in almost all of the preceding categories. It has educated the nation's technical, managerial, and professional workforce and provided generations of national leaders. Its unparalleled capacity for basic research has given the United States its formidable scientific, technological, and economic dominance. Currently, however, higher education is facing important and complex challenges. It must determine the proper balance between undergraduate teaching and research; it must enhance efficiency and productivity without sacrificing quality; and it must apply the principles of sound management and financial planning while keeping a college education within reach of the great majority of Americans. Not least, it must cope with the impact of the information revolution. Two critical issues with which the Corporation is concerned and that institutions

of higher learning must grapple with during the next decade are the reform of teacher education and examination of the purposes of the undergraduate curriculum.

Teacher education. If we are to require higher standards of learning from students and from schools, we must also require such standards from teachers. The nation's efforts to reform public school systems and create schools adequate for the twenty-first century cannot succeed without reforming university teacher preparation programs. At least 2 million new teachers will be needed over the next decade. The quality of the teacher corps that is produced will largely determine the success or failure of our public education systems and affect the future of the country and democracy for years to come. In our view, the U.S. higher education system cannot escape its historical, moral, and social obligations to ensure the quality of instruction and the preparation of teachers.

During the past forty-five years, a succession of studies, reports, and commissions have highlighted the responsibility of higher education to provide a high-quality education to the nation's teaching force. James B. Conant's *The Education of American Teachers* (1963) called for colleges and universities to assume greater responsibility to defend their product. The Carnegie Commission on Higher Education's 1973 report, *Continuity and Discontinuity,* recommended bringing theory and practice together in clinical settings and highlighted the urgent need to train teachers for urban school districts. The 1986 Carnegie Forum on Education and the Economy's report, *A Nation Prepared,* and the 1996 report of the National Commission on Teaching & America's Future, *What Matters Most,* both pointed to the obvious — that well-educated teachers are the key to successful school reform.

Despite these and countless other reports, some welcome progress, and the leadership of several deans and educational associations, teacher education is not at the top of the agenda of university and college presidents. Within the universities, schools of education are often effectively isolated and given second-class status. Intellectual and educational interactions between the faculties of arts and sciences and schools of education are often minimal or nonexistent. Currently only 500 of the nation's 1,200 education schools are nationally accredited. Even though research has clearly established the connection between the content knowledge of teachers and the level of student knowledge, only a few states now require teachers to major or minor in the subjects they are assigned to teach. In some instances a B.A. degree in education is considered enough to certify one to teach any subject. In his April 27, 1998, message, *Moving from Analysis to Action*, Bruce Alberts, president of the National Academy of Sciences, observes of teachers that "far too few of them have the understanding of science or math that they need to be able to teach these subjects effectively in schools today. . . . Teachers are generally taught pedagogy, divorced from any subject matter, whereas to be a good math teacher, one needs focused preparation on how to teach mathematics. And to be a good science teacher, one needs focused preparation on how to teach science."

The effects on students of inadequate teacher preparation in subject matter are not confined to science and math. On the last national test of student knowledge of American history in 1994, conducted by the federally funded National Assessment of Educational Progress, 57 percent of high school seniors were found to be "below basic." The National Center for Education Statistics (1996) reports that 59 percent of students in middle school and 43 percent of high school students are studying history with a teacher who has not earned a college degree with at least a minor in history.

The disregard for academic subject matter is best illustrated by the fact that almost three-quarters of elementary school teachers and one-third of the nation's high school teachers

major only in education. Nationally, undergraduate students majoring in education have had lower SAT and ACT test scores than students in other programs of study. In 1993, only 16 percent of education majors scored in the top quartile, compared with 33 percent of humanities majors. Education majors were overrepresented in the bottom quartile, at 30 percent. In addition to weak subject matter preparation, most teachers lack sufficient knowledge of child or adolescent development, intergroup relations, educational technology, and the world outside the United States to be effective educators of the next generation. According to a recent federal survey, a majority of teachers themselves admit to feeling ill-prepared to meet many of the instructional challenges they face.

Teaching is a central mission of our higher education institutions. Their faculties, presidents, provosts, and boards, not to mention state legislatures and governors, must bear the burden of responsibility for the quality of our teacher corps. To blame the teachers or to blame the unions does not absolve universities and colleges of their legal, social, and moral responsibilities. After all, it is they who graduate and certify our teachers. For the proper education of teachers in both subject matter and pedagogy as well as to ensure a common vision, colleges and university leaders must aim for a greater integration of the faculties and courses in the arts and sciences and the education schools. The presidents of universities and colleges must be held accountable for the standards, the education, and the qualifications of the teaching profession. There should be no differentiation between admission and graduation standards of colleges of arts and sciences and schools of education. All education schools should be nationally accredited. Since educational technology plays an increasingly important role in students' lives, with the potential for transforming learning, teacher preparation must incorporate such technology into its core curriculum.

Every institution of higher education should also have a serious and ongoing relationship with local schools. Nationally, about 30 percent of all first-time university or college freshmen have to take a remedial course in basic academic skills. The nation cannot indefinitely afford the cost and duplication involved in higher education's enormous remedial work. Last but not least, the current forms of inservice professional development of teachers should be revamped. Low-intensity workshops on "hot" topics or miscellaneous courses for credit and salary enhancement are luxuries that students, teachers, districts, and unions cannot afford. An imaginative reorganization of professional development programs is called for.

Raising the standards of schools of education, revamping their curricula, and accrediting them are not alone sufficient to raise the status of teachers and foster an appreciation of their central role in our society. Fair compensation of teachers, with a reward mechanism for outstanding teachers, is essential to attract, recognize, and retain the best talent dedicated to teaching. After all, it is to our teachers that we entrust the education of our children and youth and, hence, our future.

The Corporation's limited funds will not permit us to deal with 1,200 individual schools of education. We will concentrate initially on dissemination of the best models of teacher education to encourage their wider adoption; assistance to governors and other state policymakers in developing incentives and accountability mechanisms to promote more widespread change; and the promotion of broader public understanding of the importance of teaching quality.

Liberal arts education. Determining the place of the liberal arts curriculum in the twenty-first century and the position of science in, and the impact of technology on, that

curriculum; the nature of the balance among the natural sciences, social sciences, humanities, and fine arts; the future of scholarship and its dissemination; and how to the integrate knowledge across the tangle of specialties and subspecialties — these are only some of the monumental tasks that must be faced by colleges and universities in the next decade.

A liberal arts education does more than acquaint students with the past or prepare them for the future. It gives them, *must* give them, a perspective for reflection upon the nature and texture of their own lives. It provides them, *must* provide them, with standards by which to measure human achievement. At a time of renewed and unilateral emphasis on narrow, one-dimensional, vocational and preprofessional college education, we must remind our students, our parents, and society at large that the university or college is not an institution where the product line is a unit or an object and that the intrinsic worth of education cannot and should not be measured in financial terms alone, even though we recognize the harsh economic realities that force this view upon students. Learning is a value-laden and lifelong process, where the goal is not growth or market share but the free good of knowledge and thought about who we are and how we live in the world around us. None of us can predict the changes and experiences that the next fifty years will bring. If students are given an education that fosters growth and prepares their minds for a lifetime of imaginative inquiry, then they will have received the greatest gift possible, turning them, in the words of John Henry Newman (1875), "into more intelligent, capable, active members of society."

The value of education in general and liberal arts education in particular lies in its ability to enhance men's and women's powers of rational analysis and independent judgment and to develop mental adaptability, a characteristic sorely needed in an era of rapid technological change.

Our quest, then, should consist of finding the golden mean between the preparation for careers and the cultivation of values. Unless a proper balance is restored, career training will be ephemeral in applicability and limited in worth. As Alfred North Whitehead put it in his *Aims of Education* (1929), "What we should aim at producing is men [and women] who possess both culture and expert knowledge in some special direction. Their expert knowledge will give them the ground to start from, and their culture will lead them as deep as philosophy and as high as art." We ought to realize that a lopsided education is deficient.

As we approach the twenty-first century, we are confronted with the following questions and challenges: What will define an educated person in the new age? Will we educate individuals who are able to bring knowledge of their own and other cultures and histories, as well as literacy in language and science, that will allow them to understand and interpret the mass of information they will encounter as they make judgments about public issues? Is liberal arts a costly and "elitist" program or the best preparation for the flexible knowledge-based economy of the future? How can students best be prepared to manage the information and knowledge explosion in an era of minute specialization and knowledge fragmentation? In short, how must our institutions of higher education prepare our students for life, work, and citizenship, safeguard our democratic society, and meet our obligations in the world?

This year marks the fortieth anniversary of C. P. Snow's *The Two Cultures and the Scientific Revolution* (1959), which pointed to the widening gulf between the humanities and the sciences. Over these four decades, the distance between the two has only increased, leaving many citizens unable to cope with scientific and technological advances, to understand their effects, and to make judgment about their judicious use. We have traveled far beyond the parameters established by John Dewey in *Philosophy and Civilization* (1931).

In this book, Dewey recognized the revolutionary nature of science and technology and appreciated that they could create new possibilities in life were they to be "redirected from commercial to humanistic goals." But he believed that the impact of science and technology was limited to the "outward" forms of our civilization — its "external habits, dominant interests, the conditions under which they work and associate." He did not see science and technology as having a transforming influence on our thoughts and purposes: "Habits of thought and desire remain in substance what they were before the rise of science, while the conditions under which they take effect have been radically altered by science."

Today this assumption is under challenge. Laser communications, nuclear power, biotechnology, networked computers, and the like are precisely shaping our "habits of thought and desire." They have become a dominant source of our culture, even to changing the very paradigms of knowledge. Rapidly evolving global communications are bringing social changes that are so complex and far-reaching they are not amenable to easy understanding. The volume of new information is increasing at such a rapid pace that the class of 2000 will be exposed to more new data in a year than their grandparents encountered in a lifetime. Knowledge doubles every seven years. Ten thousand scientific articles are published every day. Sixty-five percent of all workers now use some type of information technology in their jobs.

Yet, for all of this, the American public remains strikingly scientifically and technologically illiterate. According to Gerald Holton, in the United States, "Less than 7 percent of U.S. adults can be called scientifically literate by the most generous definition, only 13 percent have at least a minimum level of understanding of the power of science, and 40 percent disagree with the statement "astrology is not at all scientific." As far as higher education is concerned, a formal plan for integrating science and technology into the liberal arts curriculum exists at only one-fourth of higher education institutions. The percentage of classes using information technology resources is less than 25 percent nationally. Only 10 percent of classes use the Internet or the World Wide Web.

Clearly, as our society evolves, it is of paramount importance for the public to understand the questions connected with the uses of science and technology. Inculcating an understanding of science and the scientific method and of the impact, both positive and negative, of technology as it affects every single institution in our society is the responsibility of our higher education system and our democratic society.

Another major challenge for higher education is instilling a deep understanding of our democracy. In the 1981 Carnegie Foundation for the Advancement of Teaching report, *Higher Learning in the Nation's Service*, Ernest L. Boyer and Fred M. Hechinger decried the trend toward "civic illiteracy" in the United States and recommended an updated version of civic studies be included in the college curriculum. More recently, the Institute for American Values report *A Call to Civil Society* (1998) asks us collectively to rebuild our civil society — that "sphere of our communal life in which we answer together the most important questions: What is our purpose, what is the right way to act, and what is the common good?"

The American undergraduate curriculum and curricular reform have been the subjects of intensive Corporation grantmaking and study at least since 1930s under President Keppel. They have also been the focus of innumerable studies sponsored by The Carnegie Foundation for the Advancement of Teaching. Now, after a hiatus of sixteen years, we plan to take up this issue again. During the coming year we intend to probe questions raised

about the future purposes of liberal arts education and ways the Corporation can effectively respond. During this exploratory year, the foundation will not accept unsolicited proposals.

INTERNATIONAL PEACE AND SECURITY

Today, despite the end of the Cold War, the demise of the Soviet Union, and the independence of eastern and central European states, the presence and the proliferation of nuclear weapons, not to mention chemical and biological weapons, still pose a grave threat to international peace. Now that India and Pakistan have joined the exclusive "Nuclear Bomb Club," we are witnessing the revival of old arguments and rationalizations. All the declared nuclear powers — the United States, Russia, Great Britain, France, and China and now India and Pakistan (Israel is an undeclared nuclear power) — insist they possess nuclear weapons only to deter others from using them. Yet there have been times in the past, and there will surely be occasions in the future, when major powers have used their nuclear capability to gain some political end by intimidation. What should be of particular concern to all is the element of chance and accident under conditions of political anarchy, civil war, and the malfunction of antiquated radar or other detection systems, not to mention the Y2K problem.

Added to these dangers is the precarious state of Russia. In the post-Cold War era, Russia is experiencing an interlocking series of crises — economic, political, military, and social — that have set back Russia's national development by decades and undermined its grip on its nuclear arsenal and weapons-grade materials.

In view of these looming problems, it is both logical and imperative that the Corporation continue its decade-long policy of making nonproliferation of nuclear weapons and other weapons of mass destruction, as well as developments in Russia and other former Soviet states, central features of the International Peace and Security program. Building on our past experience in arms control and nonproliferation, the program will pay particular attention to the secure storage of nuclear weapons and weapons-grade materials and the safety of their command-and-control systems. Concerning Russia and other post-Soviet states, rather than offer prescriptions for change, we will concentrate on the sharing of experience and expertise on critical problems between high-level groups there and in the United States, Europe, and elsewhere.

The program will also address new and emerging threats to world peace, following up the work of the Carnegie Commission on Preventing Deadly Conflict, such as the decline of natural resources, and conflicts between the principles of territorial integrity and self-determination as they are being played out in various parts of the world. The consolidation of peace once it has been won, which entails the reconciliation of grievances among rival groups and other aspects of post-conflict peacebuilding, will be another area requiring Corporation attention. Finally, we will be looking at the effectiveness of sanctions and incentives imposed by governments and international organizations on recalcitrant states. In the category of new dimensions of security, proposals will be accepted only at the Corporation's invitation.

In all of these areas, the Corporation will continue to bring the best available knowledge to bear, funding analyses of selected critical issues and drawing the attention of policymakers, scholars, the media, and the public to the findings through publications, conferences, and other means of informing the public. A crosscutting initiative with the Education program, described below, will be aimed at assisting higher education institutions in the former Soviet Union and supporting the disciplines in the social sciences and the humanities.

NONPROLIFERATION OF WEAPONS OF MASS DESTRUCTION

The world has moved from an era of high risk and high stability into one of low risk but also low stability, as former Senator Sam Nunn has defined it. While the danger of the deliberate use of nuclear weapons by a major nuclear state has diminished, the threat of inadvertent or unauthorized use has risen since the end of the Cold War. The nuclear weapons of all the nuclear powers are aging and require continuous upgrades of their command and control systems. Russia still possesses a huge stockpile of nuclear warheads, tactical nuclear weapons, highly enriched uranium and plutonium, and chemical, biological, and conventional weapons, as well as a tremendous pool of scientific talent. In view of the country's economic problems and political uncertainty, the international community has real reason to worry about the possible degradation of Russia's central nuclear command and the potential this offers for the illegal disposition of its fissionable material. Clearly, it is in the world's interest to be certain that Moscow retains control over Russia's weapons of mass destruction. Through the Nunn–Lugar Amendment to the Soviet Nuclear Threat Reduction Act of 1991, the United States is devoting about $400 million a year to assist the Russians in their control and disposal of nuclear warheads, a sum that constitutes only one-tenth of 1 percent of the U.S. defense budget. The United States has agreed to help ten Russian atomic cities start commercial, nonmilitary ventures and train Russian nuclear specialists in business planning. The $30 million allocated for this purpose, however, is hardly sufficient to cope with the problems of these cities, which were artificially created to serve the Soviet nuclear buildup.

While maintaining central command and control over Russia's nuclear arsenal represents the most urgent problem, there are other sources of security concern. China is modernizing its nuclear weapons program at full speed in an environment devoid of bilateral and multilateral negotiations aimed at nuclear arms control. The newly acknowledged nuclear capabilities of India and Pakistan have also raised the security threshold of the Non-Proliferation Treaty regime. In view of the Indo–Pakistani tests and the recent firing by North Korea of a missile over Japan, the latter is now rethinking its position on not pursuing a nuclear option. There are rumblings from Taipei that Taiwan may reconsider the weapons program that it stopped in the 1980s — rumblings that will grow louder with the recent news of more Chinese missiles targeting the island. From the point of view of China, the prospect of the United States selling missile defense systems to Japan (and possibly to Taiwan) is a cause of anxiety. Finally, the START II agreement, intended to reduce the number of nuclear warheads held by Russia and the United States by half, to 3,500, has not yet been ratified by Russia.

Added to the nuclear problem is the precipitous spread of chemical and biological weapons worldwide. Where such weapons were once viewed as the exclusive property of advanced nation-states, they are now available in a virtual global supermarket, in which the most eager potential customers are states that threaten world security and nonstate actors, including terrorist groups.

The Corporation will be financing research on all these areas, exploring their policy implications and raising public awareness. In addition to work aimed at integrating China into a wider arms control regime, we may recommend a small number of targeted grants focusing on the Asian continent, which presents possibly the gravest arms control challenge of the next century. Grants will bring together arms control experts with regional specialists and support efforts to educate policymakers about this critically important part of the world.

RUSSIA AND THE OTHER POST-SOVIET STATES

Russia's nuclear predicament is, of course, an integral part of the country's economic troubles. In 1992, the Russian government began an ambitious effort to privatize most of its economy. By 1997, Russia (and its Western advisors) were hailing the program's success as more than 100,000 enterprises were declared to be in private hands. Privatization, however, has not produced effective owners or profitable enterprises. Instead, a handful of insiders, namely Soviet-era directors in cooperation with trade union officials, have gained controlling shares in three-quarters of all large enterprises. Through complex arbitrage schemes, delays in paying workers, state subsidies, and the stripping of assets, the heads of these enterprises have amassed individual wealth while their companies operate in the red. In contrast, private companies that were interested in attracting investments and market share are greatly undercapitalized.

The statistics about Russia's economy are alarming. In August 1998, Russia sanctioned a 34-percent devaluation of the ruble, unilaterally suspended payments on short-term government debt, and imposed a moratorium on debt payments by banks and companies to foreign corporations. Since then, Russian gross domestic product (GDP) has fallen by at least 50 percent (according to some reports by as much as 83 percent) and capital investments by 90 percent. Despite privatization, only 27 million of Russia's 67 million workers are in the private sector, leaving 40 million officially on the state payroll. The debt in unpaid wages amounts to a staggering 25 percent of GDP. Real wages have dropped by 78 percent between 1991 and 1997. Two-thirds of those nominally employed are not being paid fully or on time. In the agricultural sector, meat and dairy livestock supplies have fallen by 75 percent. More than 95 percent of the country's arable land remains under the control of inefficient state-run farms, with 80 percent of the farms in the red. State subsidies have dried up, and equipment is grossly outdated. The disruption of the grain transportation system has left produce to rot in fields for want of railway cars. Today, Russia imports half of its food as well as most of its consumer goods and produces very little except for oil, natural gas, and minerals.

Russian officials speak of nuclear weapons as guarantors of Russia's international weight, and have stated their commitment to retaining a triad of land, naval, and air nuclear forces. But in the current circumstances the government does not have the financial means to upgrade Russia's nuclear arsenal, much less have the money to reform, reduce, and streamline its armed forces.

Russia thus finds itself in an unprecedented situation, described by some as the literal demodernization of a twentieth-century country. We are witnessing a phenomenon where national and international financial obligations are not met, taxes are not collected, trade is conducted on the basis of a barter system of exchange of goods and services, and the entire infrastructure of production, technology, science, transportation, heating, and sewage disposal is disintegrating. Some 75 percent of the population lives below or barely above the subsistence level and an estimated 15 million face the threat of starvation.

Even if the country's economic conditions were stabilized and economic growth were to resume, Russia would need decades to regain what it has lost in the 1990s. Russia's population today is roughly comparable to that of the United States in 1950, but its current total economic product has only about 25 percent of the value of the U.S. economic product in 1950. In the unlikely event that Russia could match the 3.3 percent current annual growth rate of the United States, the value of the Russian economic product would not match even the 1950 U.S. level until the year 2040.

Russia is an integral part of Europe and a bridge to Asia. It holds the key to peace in the world. A democratic Russia as well as a strong Russia is essential to the stability of the region. It matters, therefore, whether Russia evolves along liberal democratic or authoritarian lines. Isolating Russia, attempting to take advantage of its current weaknesses, or denying Russia's legitimate political interests would be shortsighted. Russia needs somehow to get hold of its own future. What the West can provide, short of a massive Marshall Plan to assist in Russia's modernization — which does not seem within the realm of possibility — is support, encouragement, and, perhaps most importantly, patience. Let us recognize that Russia is neither a major enemy nor a country we can fundamentally alter by our actions and influence — and keep in mind that even a small East Germany needed $100 billion a year to be part of a unified modern Germany.

At the official level, programs should be pursued that strive to reduce the threat posed by Russia's weapons of mass destruction, without meddling in Russia's internal politics and developments. At the unofficial level, one must work to deepen Russia's ties to the West and do it on the basis of equal partnership whenever possible.

The Corporation will assist Russian leaders in four different sectors and their counterparts from the United States, Europe, and elsewhere to share experiences and expertise on critical problems. These groups are the business community, policymakers, the upper-level military, and the intelligentsia. The Corporation's efforts are likely to encompass similar groups from other states of the former Soviet Union. Since it is important for the West to pursue policies best suited to ensuring the region's stability, the Corporation will also promote research and dissemination in the United States on Russia and the other post-Soviet states in order to keep abreast of the region's domestic and foreign policy developments. We will also consider programs aimed at training the next generation of American scholars on the post-Soviet states through institutions that offer field study opportunities and fellowships.

NEW DIMENSIONS OF SECURITY

If the mission of the program is to identify threats to world peace and work on reducing those threats, it must also be alert to new and emerging dangers. Over the next two years, the Corporation will engage in grantmaking that reflects and builds upon the work of the Carnegie Commission on Preventing Deadly Conflict. Staff members will examine what the commission has identified as the most significant factors creating or exacerbating conflict situations and determining the best preventive strategies. Given the breadth of the commission's final report, it is impossible to consider every recommendation therein. We have therefore selected four areas that are in critical need of attention by policymakers and the analytic research community.

Resource scarcity. A great deal of attention is being paid to escalating energy demands and to new sources of oil and natural gas, notably in the Caspian basin. Much less heed is being given to the most basic human need — water. In 1996, the United Nations Development Programme reported that there were ten countries in the world, largely in Africa, where more than half the population did not have access to potable water. The sharing of water resource has the potential of bringing rival nations together in common cause, just as the manipulation of the water supply by those who control it can lead to conflict and violence, as we already see in the Middle East and could witness in Asia and Africa.

Self-determination/Territorial integrity. The Cold War precipitated a series of secessionist impulses, especially in the former Soviet Union and Eastern Europe. There was violent state collapse in Yugoslavia and a peaceful breakup of Czechoslovakia. There were

internal secessionist movements in the newly independent states of the former Soviet Union and in the Transdniest region of Moldova; in Nagorno-Karabakh; Abkhazia and South Ossetia in Georgia; and, most dramatically, in the bloody conflict in Chechnya. For each of these movements, and also in the Serbian province of Kosovo, with its 90-percent ethnic Albanian population, what is at issue is the right of an ethnic group to secede unilaterally in defiance of internationally accepted norms of the inviolability of established international borders — even if these borders were artificially created. These and other conflicts that have flared up in the post–Cold War period point to the need to explore new thinking on creative and innovative arrangements that would help reconcile divergent internationally recognized norms.

Peacebuilding. Consolidating peace after conflict has ceased is key to the prevention of renewed violence. Peacebuilding goes far beyond the peace accords and cease-fires. It includes reconciling grievances among rival groups, building democratic institutions, restructuring economies with more equitable distribution of resources and opportunities, establishing the rule of law, and guaranteeing human rights. Where the intervention of international actors is necessary and desirable, it is critical that they seek out the best blend of political, humanitarian, economic, and/or military aid. Attention to this set of issues is all the more appropriate at a time of increased acceptance of human rights as a factor in foreign policy decision making.

Sanctions and incentives. Economic sanctions as a punishment of miscreants in conflict situations are an instrument of choice for many governments and international organizations. The United States alone currently imposes sanctions on more than seventy countries. Yet there is little by way of empirical findings or policy-relevant theory concerning the conditions that make sanctions work effectively. The need for research to guide policy is all the more urgent because sanctions tend to punish the most vulnerable sector of the target country's population and inflict severe collateral damage to neighboring states.

The Corporation will support efforts to understand the relationship between access to vital resources and conflict; explore possible solutions to area-specific problems that have the tension between self-determination and territorial integrity at their core; examine practical applications of multi-tiered assistance strategies in peacebuilding with recommendations tailored to specific conflicts; and assess the efficacy of economic measures as instruments of conflict prevention.

CROSS-PROGRAM INITIATIVE ON HIGHER EDUCATION

IN THE FORMER SOVIET UNION

The dramatic disintegration of the Soviet Union in 1991, with its accompanying political, social, and economic dislocations, has wrought havoc on the highly centralized educational system at all levels, not only in Russia but also in all the former constituent states of the Soviet Union. In Russia the end result has been a major "brain drain," both externally, as the best and the brightest flee Russia, and internally, as members of the intellectual community seek employment in more lucrative professions. This dire situation is all the more tragic when we consider both the centrality of Russia's intelligentsia to the country's recovery and its importance to the West. As two experts, Loren Graham and Andrew Kuchins, observed in a recent op-ed piece, "The scientific and academic communities have traditionally been the most pro-Western segments of Russian society. Throughout the Soviet period the most prominent calls for democracy and human rights came from their ranks — Andrei Sakharov, the noted physicist and father of the Soviet hydrogen bomb, is

only the best known of a number of leaders in the human rights movement during the Soviet period." Now, they write, in an ironic and potentially tragic twist, the academic and scientific communities in their plight turn to the Communists they once repudiated. "The leader of the Communist Party, Gennady Zyuganov, is making a direct appeal to intellectuals, saying he will support them in a way Boris Yeltsin does not, and he has adopted as the official seal of his new Communist Party, in addition to the traditional hammer and sickle, 'the book,' adding scholars to workers and peasants as bulwarks of the political order he seeks to create."

The academies, research institutes, universities, and libraries of Russia and elsewhere face awesome tasks of reforming and modernizing in a way that balances research and teaching, addresses the problem of oversupply of scientists, mathematicians, and other skilled labor, and compensates for the erosion of financial support for education. Thus far, U.S. and European governments have been mainly concerned with the plight, and flight, of post-Soviet natural scientists. There have been few concerted efforts to help the disciplines of the social sciences and humanities and their expert scholars or to prevent the further decline of Russian and non-Russian universities. Since the Russian intelligentsia has played, and will continue to play, a major role in the advancement of science, scholarship, culture, and the cultivation of leadership, it is imperative that U.S. and European cultural and educational institutions and foundations assist institutions of higher education in Russia and the other states of the former Soviet Union until such time as they are able to develop plans to solve their own educational problems.

Working with the John D. and Catherine T. MacArthur Foundation and other organizations, the Corporation will assess the needs of the social sciences and humanities and seek ways in which, within the terms of the charter, it can strengthen institutions of higher learning and research in the post-Soviet states. This will be a cross-program initiative carried out in cooperation with the Education program. Proposals will be accepted only at the invitation of the Corporation.

INTERNATIONAL DEVELOPMENT

Today, contrary to widespread perceptions in the United States, the majority of the countries of sub-Saharan Africa are led by freely elected individuals. An important transition to democracy is under way in Nigeria, and South Africa is organizing its second democratic presidential election. Where conflict persists, African states through their own regional institutions are making good-faith efforts to take charge of the negotiations to end the strife. Economic growth has continued in most of Africa, although irregular weather patterns and weak oil markets have slowed the gains of 1995 and 1996. Excluding the recent poor performance of South Africa and Nigeria, the region's gross domestic product actually grew at 5.7 percent in 1996 and 4.9 percent in 1997. Budget deficits and inflation were substantially lower in several countries. These results are encouraging because they appear to be principally due to better policy environments and higher capacity, not to improvements in terms of trade, according to a 1998 Global Coalition for Africa report.

Despite these encouraging developments, African countries have a long way to go before they can match their economic performance of thirty years ago. To accelerate growth, African governments must not only create a climate that encourages innovation and investment, they must also improve the education and skills base of their workforce, opening access to new information technologies and telecommunications networks. A detailed analysis in the 1998 *African Development Report* shows the importance of strengthening human capacity for sustained national development. Even if investments in

human capital are not sufficient, they are essential if any nation is to become internationally competitive in production services and management. Fortunately, political leaders on the continent are recognizing the importance of knowledge in fostering modern development. There is a dawning realization that there will be little chance of closing the wealth gap between advanced and developing economies without closing the knowledge gap.

A major factor still limiting social, economic, and political progress in sub-Saharan Africa, however, is the dearth of skilled human resources able to manage the problems countries face. For many reasons, not the least of them the flight of talent outside the continent, the lack of an adequate reward structure within, and the continued weakness of those institutions responsible for the production, assessment, and dissemination of knowledge, African countries do not have enough qualified professionals — analysts, decision makers, and managers — in either the public or private sector to assess the ramifications of global changes for their countries, much less develop and implement effective policy and programmatic responses. Only when their citizens become informed, knowledgeable, and creative thinkers, with the tools in hand to advance ideas and put them to work, will African countries be able to take control of their fate. An urgent need is to give Africans from all sectors of the population a good basic education and to improve their access to higher education.

Carnegie Corporation will draw on its past experience with African education to develop a new program aimed at strengthening innovative African universities and university leaders, enhancing opportunities for women to participate in higher education, and assisting public libraries in becoming more effective and more accessible learning centers for African people. In addition, we will explore a few discrete projects focusing on the rule of law and private-sector development in Africa. In the latter, the university will be the locus of activity. In keeping with the Corporation's geographic mandate, grants will be limited to African countries that were members of the Commonwealth as of 1948. No unsolicited proposals for International Development will be accepted until after October 1999.

STRENGTHENING AFRICAN UNIVERSITIES

Currently, the participation of Africans in higher education is the lowest in the world. According to the 1997 *World Development Report*, in 1993 in high-income countries of the world, 56 percent of young people aged twenty to twenty-four were enrolled in some form of tertiary institution. The comparable figure for sub-Saharan Africa in 1990 was 2 percent (1993 *World Development Report*).

African universities have the responsibility to educate and train their country's political and academic leaders, yet many of them are in a crisis state, grossly underfinanced, inadequately supported by governments that tend to be suspicious of them, and suffering a brain drain. Declining financial resources in the 1980s depressed subsidies for faculty salaries, libraries, laboratories, and the physical plants, leading to deteriorated conditions in most tertiary institutions. Added to the institutions' internal problems has been the widespread perception within home countries that the national universities are to a degree detached from larger economic and social realities. According to an Association of African Universities (AAU) report, *The African Experience with Higher Education* (1996), "There is . . . a certain amount of disappointment and attendant disenchantment with the universities in Africa for their inability to have had more significant impact on the continent." When the public looks to universities for answers to problems facing societies, "they rarely, if at all, get the answers that they can understand or find relevant to their predicament." In response to the need to revamp African education systems as a whole, the World Bank in

1987 initiated a major review of education in Africa leading the bank to establish the Donors to African Education Program. With Ford Foundation support, a Working Group on Higher Education was formed as a part of this program. In response to the program's overall success (it had considerable donor input from bilateral development assistance agencies), the bank spun it off to form the Association for the Development of Education in Africa, opening membership to non-donors. The Working Group, one of whose members is the AAU, remains active, bringing together donors and African university vice-chancellors to conduct studies on ways to revitalize African universities.

The group's efforts have brought about a renewed commitment by university leaders and donors alike toward building the capacity of African universities to play a key role in national development. These efforts, in turn, have generated a consensus on the actions needed and on an optimal division of labor among institutions, governments, and donors. A joint publication of the AAU and the World Bank, *Revitalizing Universities in Africa* (1997), describes efforts now under way to meet these challenges, including preparation of strategic plans for university restructuring and developing new approaches to governance, management, and financial sustainability. More than twenty universities are in different stages of preparing such strategic plans. While this is a small percentage of the 148 members of AAU, the ripple effect is already noticeable. Overall, university leaders are showing a growing willingness to assume responsibility for the viability and relevance of their institutions and to reach beyond the campus to connect with the broader society.

For example, of the several universities that have prepared and implemented a strategic plan, the University of Cape Town's experience is noteworthy. It has the dual aim of achieving academic excellence and enhancing opportunities for disadvantaged applicants. Faculty members serve on government committees and are emerging as leaders in the public and private sectors. The library is being significantly upgraded to serve as a hub in an interlibrary loan program. With articulate leadership at all levels, the university is implementing sound principles of governance and management in all of its programs. It shows what an African university can do in managing complex issues of institutional transformation. Based on our discussions with a wide range of experts from Africa and elsewhere, reviews of recent literature on higher education and development, and analyses of past Corporation and other donor experiences, we see opportunities for effectively assisting selected universities in Commonwealth Africa and for helping restore them to a prominent place in African national development. We are undertaking this in the firm belief that universities in Africa are potentially the most capable institutions in their countries. As *Revitalizing Universities in Africa* makes clear, "They are often the only national institutions with the skills, the equipment, and the mandate to generate new understanding through research. University roles in research, evaluation, information transfer, and technology development are therefore critical to national social progress and economic growth." If African universities are to help serve the goals of national, political, and economic development, they must be able to develop, or have access to, the best available knowledge and information, and they must have the intellectual capacity to transform that information and knowledge into policy-related ideas and communicate them to leaders. Ideally, universities should be a source of independent thought protected under the mantle of academic freedom. In these circumstances, scholars can provide important advice to government, which in turn can call on universities to undertake research and training shaped by national needs. In recent years, this kind of reciprocal relationship between African researchers and policymakers has been encouraged under Corporation grants for high-quality policy-oriented research. Our grants, for example, have led to establishment of an inter-institutional working group on trade policies in the service sector that is providing advice to governments. Through such exposure to ideas coming out of university faculties

and research institutes, government ministries have come to realize they have much to gain from collaboration.

Two approaches the Corporation will consider are, first, to nurture research and analyses and teaching within African university faculties and, second, to build bridges between academia and policy leaders, not only in the public sector but also in the private and civic sectors. Any approach taken, however, must be in the context of an overall plan by a university to ensure sound institutional management, transparent and accountable governance, a thriving intellectual environment, adequate facilities for faculty members and students, and, above all, effective leadership. The Corporation will commission studies to review progress by selected African universities toward these goals and then explore specific opportunities for university strengthening during the balance of 1999.

ENHANCING HIGHER EDUCATION OPPORTUNITIES FOR WOMEN

For generations, women have been the backbone of African agriculture, and, in many communities, they are highly respected and influential. In recent history, African women have seen some improvement in their social and economic status. Despite progress, however, most women face formidable barriers to full equality. For example, even though there is nearly universal agreement about the importance for development of women's and girls' education, by the fourth grade more than 50 percent of girls drop out of school, the majority of them before having fully learned to read and write. On the whole, women constitute less than 20 percent of university entrants in Africa.

Researchers have identified a wide range of problems affecting girls' and women's participation in formal education, but the studies have not yet moved systematically from problem identification to policy-relevant solutions, and they remain descriptive. Moreover, the problems typically are not analyzed in the context of national development strategies. Corporation-supported projects have been working to promote policies that support the involvement of women and girls in all aspects of education. Drawing on their experience and our recent programs to advance African women's health, education, legal status, and leadership, the Corporation will examine the possibilities for scholarship programs enabling more African women to obtain undergraduate college degrees. These studies will assess the conditions facing young women at African universities, determine the points of entry to facilitate women's progress through the educational pipeline, and explore opportunities for project development in partnership with universities and African women's organizations. Other avenues the Corporation will investigate are the sponsorship of interdisciplinary policy research and advocacy aimed at removing obstacles to women in the educational pipeline.

REVITALIZING PUBLIC LIBRARIES

The advent of electronic communication has increased both the amount of information available and the speed with which it can be obtained. These technological advances are enabling some developing countries, especially in Latin America, to work more rapidly toward their desired economic, political, and social goals. They can capitalize on the research and development work and investments made by others, and, it is argued, economically "leapfrog" over older technologies that have never been widely available to begin with. Unfortunately, for many poor countries, the growing "digital divide," which impedes access of the poor in wealthier countries to the new technologies, has its international counterpart. Less-developed countries often do not have full access to global flows of information and are becoming increasingly constrained from making progress because of this gap. The African continent is, in fact, the last region to participate in the

new information era. While progress has been made at the national level in some countries, gaps are now appearing between those people who can acquire such access and those who cannot. It is critical for these countries to press for greater equity in access to information. Regional institutions in Africa have fully embraced the concept of promoting development through free and open access to information. A number of donors are working with African governments to create the enabling environments that will make such access possible. Most proposals received from African institutions and organizations include the acquisition of information technology and Internet connectivity. Clearly, electronic access to information has been widely identified as a priority.

In the resource-scarce environment of Africa, public libraries are seen by many as the logical information hub. Their role in improving literacy levels, increasing access by students and the general public to books, journals, and eventually information technologies, and providing a quiet haven for study could be significant. Public libraries have the mandate to serve as a democratic source of information and knowledge, but the low priority given them by governments and by public, private, and international funders has led to a severe deterioration of stock and services. With the exception of those in South Africa, most are in a parlous state. As Kay Raseroka, senior librarian at the University of Botswana, has explained to us, "The stagnation of the African economies and lack of basic necessities such as food and health care have reduced the finances available for library services. The crucial question faced by all African public libraries is how to justify themselves to government. Studies to find what role public libraries play in supporting education have shown they are in decline because of lack of government commitment towards their funding."

Very little is known about where, how, and why public libraries in Africa function. Questions that need to be asked include: What is the current capacity of libraries? How are they meeting user needs? What are the best uses of new information technologies for libraries? What are the most cost-effective ways of introducing and maintaining these technologies? What training is being provided for librarians? What results from previous Corporation efforts in this field have proven the most longlasting? Can libraries be modernized and the changes sustained through private individual and organizational support, supplemented by government funding? How widespread are subscription libraries? The Corporation will support efforts to collect baseline data about holdings, quality of staff and training, type and cost of services, user needs, funding patterns, the state of existing facilities, and prospects for future growth. Our hope is that in dealing with these and other questions we can develop in over three to five years an effective grants subprogram emphasizing three or four pacesetter initiatives in public library development.

THE RULE OF LAW

Democratic transitions have been in progress in sub-Saharan Africa for the past decade. Yet many of the transitions there have faltered in the absence of the rule of law and associated institutional arrangements — key elements for coping with the impact of global, regional, and local forces of change. Scholars and civil society leaders within Africa are addressing the policy frameworks for achieving these ends, and the Corporation may try to assist this process in a limited way. Immediate plans are to sponsor an exploratory meeting with members of the African judiciary and their American and British counterparts to discuss legal and regulatory issues affecting African development. These activities will be at the Corporation's initiative only.

DEMOCRACY

The United States is a microcosm of the world's humanity. Every ethnic group, every race, and every faith is represented here, as is every continent and most cultures. For centuries America has been the land of natives and newcomers. Whether immigrants have come here for religious freedom, political asylum or security, education, economic opportunity, or reunification with family members who preceded them, they have all shared an optimistic belief that, once in their adopted land, they would have the chance to become masters of their own destiny.

The essence of our democracy lies in the proposition put forward in the 1776 Declaration of Independence, that we are created equal, that we are endowed by our Creator with certain inalienable rights, and that among these rights are life, liberty, and the pursuit of happiness. In other words, a free people can be trusted to know what is good for them.

Among the founding fathers, James Madison was the most acute in understanding that the diversity of interests and values in our society provided the very basis for political freedom. Political theorists from Aristotle to Rousseau had asserted that republican government could survive only in small communities where there was a consensus of values. Otherwise, it was feared, conflicts between groups would tear the society apart and lead to enforced order under tyranny. Madison, however, grasped a radically new, modern idea, one rooted in the very soil of America: that diversity itself could engender freedom and stability in a republic. In *The Federalist Papers,* Madison argued for an "extensive republic" that would contain diversity rather than assure the consensus preferred by the opponents of the Constitution. He explained that in our society "broken into so many parts . . . the rights of individuals, or the minority, will be in little danger from interested combinations of the majority."

Madison, moreover, saw a relationship between civil rights and freedoms and religious rights and freedoms — each drawing its protection from diversity: "In a free government," he argued, "the security for civil rights must be the same as that of religious rights. It consists in the one case in the multiplicity of interests and in the other as the multiplicity of sects."

Today the common ground of our democratic system and society is under strain. One threat to our cohesiveness is the problem of political apathy and cynicism, which has been compounded by the growing belief that political power has been taken over by organized, well-financed special interests able to push a political and social agenda that may not be on behalf of the common good. What is especially disheartening is the negative or indifferent attitude of so many of our young people toward politics and the political process and their sheer ignorance of our history, our constitution, and our rights and duties as citizens of this republic. Fewer than 20 percent of voters between the ages of eighteen and twenty-four voted in the 1998 Congressional races. We are in danger of becoming a spectator democracy, not a participatory democracy.

A second source of deep concern is the condition of religious, ethnic, and racial relations in our society. In parts of the country, people of differing backgrounds seem to be more divided than ever. The journalist Tony Horwitz, after traveling through the South, concluded that issues of race there remain raw and unresolved. Socially and culturally across the country there are ample signs of separatism and disunion along class, race, ethnic, religious, and gender lines. Commented Horwitz, "The whole notion of a common people united by common principles — even a common language — seem[s] more open to question than at any period in my lifetime." We speak of tolerance, but tolerance is not enough. We must go beyond tolerance to understanding and acceptance: understanding of the rich legacy of our past and of diversity as a source of our country's dynamism, creativity, and

knowledge; and acceptance of "other" people's history and culture, which has formed our culture and which makes us a nation. America needs not just to know its parts but its common ground. It must know not just its diverse past but its common future. Education has an important role to play, but the solution is not multicultural study if this means only the study of the parts; we must know the sources of unity in our culture and nation as well.

In confronting issues of intergroup relations, we cannot ignore intergenerational relations. Much public discussion about an aging America deals with Social Security, Medicare, and social programs. These are unquestionably important issues, but, in the emphasis on the problematic aspects of aging, the tendency is to forget about the positive aspects of this development for our society. Older Americans on average have higher net worth than younger people; they are more politically active than younger people, and they have valuable expertise, experience, and wisdom to bring to the national dialogue about our major social, economic, and political challenges. Rather than exacerbate the confrontation and rivalry between the generations, young versus old, we must call upon older and younger people alike to seek ground on which there can be common understanding of the current challenges and agreement about the future goals and priorities of our democracy.

A fourth challenge to our national cohesiveness concerns the shadow side of the unprecedented economic expansion of the 1980s and 1990s: the widening income gap. Private income and wealth have become ever more concentrated in this country, while the incomes of the poorest 20 percent of families have tumbled. These disparities raise serious questions about fairness and equity and about the continued ability of American society to renew itself from the bottom. The issues are deeply complex and not amenable to simple solutions. At the very least, their impact on the social and political fabric of our nation must be better understood.

All of these fundamental issues will be the subject of study and grantmaking by Carnegie Corporation. Under the rubric of electoral reform, we will concentrate on research and analysis of campaign finance issues, including efforts at state and local-level reform and other political campaign practices. We will also support studies, research, and conferences on aspects of intergroup relations and the widening income gap. During 1999, the latter two areas will be pursued only at the Corporation's initiative.

ELECTORAL REFORM

A democratic government is only as effective as it is held accountable by its citizens, by voting, by understanding how democratic government functions, and by being attentive to the public issues of the day. As newer democracies around the world are building and celebrating the vibrancy of civil society, Americans are increasingly troubled by their own democracy. The private, nonpartisan National Commission on Civic Renewal, cochaired by William J. Bennett and Sam Nunn, in its final report (June 1998) confirmed that, despite the strong U.S. economy and freedom from the insecurity of the Cold War, public cynicism, particularly about political leaders, has rarely been more intense than it is today. The level of citizen distrust, suspicion, and disillusionment toward the government appears to be rising. In 1964, for example, about 62 percent of all Americans said government could be "trusted to do the right thing." Almost thirty years later, in 1993, only 14 percent shared that level of trust. National voter turnout for the presidential election has dropped from 63 percent in 1960 to less than 50 percent in 1996, the lowest in any industrialized democracy. In some local elections, voter turnouts have dropped below 10 percent. Young people have a distinct sense that politics is not about them. In a survey carried out by the National Association of Secretaries of State, two-thirds of the respondents ages eighteen to twenty-

four said they do not believe their vote will count. Sixty percent of those interviewed believe the country is run by a few big interests looking out for themselves, not for the benefit of all. This distrust and disillusionment, said the commission on civic renewal, is taking a toll on the quality and nature of the dialogue between the American public and its leaders in Washington.

Campaign finance. A fundamental source of discontent in the American electorate is the perceived abuse of the system of political campaign finance. In the view of many observers, the campaign fundraising process has become so deformed and the intent of the campaign finance laws so flouted that many incumbents spend more of their time raising money for their reelection campaigns than interacting with their constituents and doing the public's business. Comprehensive campaign finance reform, it is argued, would not only assuage the public's growing belief that only "special interests" matter to their elected leaders, it would help to level the playing field, encouraging more individuals of modest means to run for elected office, particularly at the state and local levels.

The 1996 federal election campaigns were the most expensive in United States history, in which the two major parties, the political action committees, and other political organizations expended a total of $2.2 billion. The comparable figure in 1992 was $1.6 billion, and in 1994, $1.3 billion. In 1996, the median cost for a U.S. House race rose to $559,000, from $350,000 in 1994. In 1996 an average Senate race cost $3.5 million, up from $2.7 million in 1994. "Soft-money" contributions — unregulated funds intended to be used only for political party-building activities but often diverted to political advertising — have skyrocketed: in 1996, the Democrats and Republicans together raised a total of $262 million ($138 million for Republicans; $124 million for Democrats), triple the amount raised in 1992. Soft money is expected to double to $500 million or more by the presidential election in 2000.

It appears that reform is desired, even by those most invested in the system. In June 1998, the Joyce Foundation released the results of a research study of individual campaign contributors. The majority of these donors are persons of wealth, two-thirds of whom have contacted at least one member of the House of Representatives or Senate in the past two years. Despite their special access, these congressional donors are highly critical of the current system and supportive of major campaign finance reforms. For instance, three-fourths of them favor a ban on soft-money donations, and a majority support spending limits.

In August 1998, Public Campaign, an independent campaign finance reform group, released the results of public opinion surveys it commissioned in eight states: Colorado, Indiana, Mississippi, Missouri, New Hampshire, New York, North Carolina, and Ohio. These states overwhelmingly called for federal campaign finance reform. In Mississippi, for example, 58 percent of those polled favored passage of the McCain–Feingold bill, a central provision of which bans all soft-money contributions. Support for reform also crosses party lines, as the polls have found more Republicans than Democrats favoring McCain–Feingold in all the states surveyed except Colorado.

While reform at the federal level has failed thus far, success is beginning to occur in the states. Political and social reforms have often germinated at the grassroots and state levels. The movement for women's suffrage proceeded state by state. The 1993 Family and Medical Leave Act was passed in thirty states over eight years prior to federal action. The 1995 National Voter Registration Act — "Motor Voter" — got its start in the states. Many environmental and educational reforms also came through the states. About half the states

have the ballot initiative process, which allows citizens to circumvent a reluctant legislature. In 1996, for example, virtually all the statewide campaign finance reforms were enacted by ballot initiative.

In addition, almost all the elections in the United States — and the bulk of campaign spending — occur at the state and local levels. Of the 513,000 elective offices in the United States, more than 99 percent are state and local. As action in the states is becoming more important, large political contributors are focusing more of their campaign giving on state legislative and gubernatorial campaigns. Aspects of health care policy, environmental protection, welfare reform, banking regulations, and tax policy are often within the domain of state legislatures, and where the power goes the money follows. Over the past five years, for example, an increasing amount of money flowing into state campaigns is from out-of-state special interests.

Political observers and members of the media are often not aware that many campaign finance reform bills are working their way through state capitals. Initiatives appearing on state ballots are being passed, challenging the widely held belief that real reform just will not happen. In its August 20, 1998, report, *Reform in the States*, Common Cause released a state-by-state analysis of campaign financing, ethics, and other government reform activities since the previous January. The report highlights an Illinois campaign finance and ethics reform law that prohibits candidates from using campaign funds for their personal benefit, improves disclosure of campaign funding, and bans political fundraisers in the capital while the legislature is in session. A Connecticut law prohibits political parties from transferring soft money into the state. The following November, citizens in Arizona and Massachusetts voted for ballot initiatives that would provide a fixed amount of public funding to candidates who raise a threshold number of small contributions and agree to spending limits.

Other campaign practices. According to a 1997 study by the International Institute for Democracy and Electoral Assistance, a Swedish organization, the United States ranked 139th among 163 democracies in voter turnout rates, low for an advanced democracy and most fledgling democracies. Only citizens over the age of sixty-five are maintaining their rate of voter participation. There are many reasons cited for low voter participation: lack of civic education in the schools, negative campaigning, the role of the news media, the diminution of voter education campaigns, the decline in grassroots, party-building mechanisms by both major political parties, and the increasingly corrosive public cynicism about government. As the 2000 elections approach, the Corporation will consider projects that aim to improve the tenor of campaigns and campaign practices, broaden public access to information on candidates and issues, and strengthen news media coverage of campaigns and candidates.

INTERGROUP RELATIONS

From the start, the vigor and richness of American society have been renewed by the work and aspirations of immigrants. First- and second-generation Americans have made up a large proportion of our fighting forces and have made disproportionate sacrifices in war to protect our democratic freedoms. At the same time, successive waves of newcomers have suffered discrimination, stemming in part from ignorance and in part from fear of economic competition. These attitudes are often influenced by racial, ethnic, and religious prejudice and misunderstanding. Newcomers themselves often bring prejudices with them to their new country.

Since today's youth of "minority" background are expected to be a collective majority by the year 2025, of whom a high proportion will be disadvantaged, urgent questions have naturally arisen as to whether our policies and our institutions, especially the education system, are equipped to prepare the next generation for the grave responsibilities of citizenship: to fuel the nation's economic strength, provide strong democratic leadership, shoulder an aging society, and throw off the bonds of racial, ethnic, and religious intolerance. Better knowledge, mutual understanding, and tolerance are essential for the success of our multireligious, multiethnic, and multiracial democracy. Despite progress since the beginning of the civil rights movement, however, interracial and interethnic tensions continue to provoke concern among the nation's leaders, as evidenced most recently by President Clinton's convening of *One America in the 21st Century: The President's Initiative on Race*. Efforts to combat racism often are stalled by the inability of public policy to improve social and/or economic conditions that enmesh many poor whites and persons of color. Poverty and limited opportunity exacerbate racial and ethnic tensions and impede efforts to improve intergroup understanding. Even though discrimination has been largely dealt with legally, the problem of hearts and minds remains to be resolved.

The dramatic influx of people of the Muslim faith (largely from Asia and the Near East) to America has become an added factor in issues of pluralism and tolerance. According to demographers, Islam is the fastest-growing religion in the country — a phenomenon that few recognize but that will have a profound effect on American society in the future. It is estimated that in America there are more Muslims than Jews and more Muslims than Episcopalians. (Worldwide, there are approximately 1.1 billion Muslims.) As viable Muslim communities evolve, our understanding of Islam in all its facets will be important for the harmony of our democracy. Islam is one of the three prophetic religions that, along with Judaism and Christianity, have a common God and Abraham at the core of their beliefs. To understand these faiths and their cultures and civilizations is essential if we are to continue to adhere to our tradition of religious tolerance, a tolerance that one hopes will be based on more than law alone. In this connection, we must be mindful of the fact that the Eastern migration to the West has also brought in many other people of other faiths and sects. Understanding their religious beliefs and cultures as well will be necessary if we are to continue having a nation based on religious freedom and separation of church and state.

Another dramatic demographic shift will be the retirement of baby-boomers in about fifteen years. Currently 13 percent of the people in the United States are aged sixty-five and older; by the year 2015 the percentage will rise to 22. Longevity has increased by twenty-eight years since 1900, due to improvements in medicine, nutrition, safety, and living standards, and it will continue to edge up during the next three decades. From a combination of factors, then, the number of Americans aged 65 and older in 2015 will be more than twice what it is today. Meanwhile, the number of those in the age group 16 to 64 will decline slightly. An aging population will also be a factor in Western Europe, Japan, and the Slavic countries, with many industrialized nations having a reproduction rate of less than one.

The needs of the aging population will prompt significant shifts in consumer demand, particularly for health, leisure, and other services used by older people. It is, therefore, an important time for the Corporation to revisit a subject with which it has already had considerable experience, beginning with the Aging Society Project (conducted by president emeritus Alan Pifer), which itself was an outgrowth of the Corporation's realization that resources for children were declining in relation to those for older Americans, presenting a complex social policy agenda that is still with us.

The Democracy program's work on intergroup relations will overlap that of Education, which is winding up its support of school-based research on youth intergroup relations. Still in development, the program will search for effective ways of fostering continuing public dialogue around issues of race, ethnicity, and religion and the aging society and promote full participation of new immigrants and new citizens in American civic life. At this time, no unsolicited proposals are being accepted.

IMPLICATIONS OF THE WIDENED INCOME GAP

Beginning with the oil crisis of 1973, with its consequences in galloping inflation and stagnant employment, and the later trends toward the globalization of trade and telecommunications, the weakening of organized labor, and changes in the wage structure associated with the shift from industrial manufacturing to a knowledge-based, service economy, we have entered the post-industrial age. On the positive side, the United States economy is currently robust, with unemployment in early 1998 the lowest in thirty years and inflation at below 2 percent per year. After two decades of stagnant growth, real wages for most workers are rising and productivity is picking up speed. Yet the 1998–99 edition of *The State of Working America* suggests that, when recent economic gains are put in their historical context, the living standards of most working families have lost ground. In the most recent decade, 1986–96, median annual family income fell by over $1,000, or 2.3 percent. Data for 1997, just released, show that the typical family has finally regained the after-inflation income level it enjoyed in 1989, but there is disappointment on another count: to achieve this level, the typical married-couple family with children has had to work 247 more hours (about six more full-time weeks) per year in 1996 than it did in 1989. American families are working harder than ever to stay in the same place and receiving fewer gains in the overall economy.

Historically, the Corporation has not given priority to economic analysis in its concern to improve the circumstances for poor children and families, although it has funded a number of discrete policy studies over the years. From the mid-1970s on (following early evidence of sliding family income, the large-scale entry of mothers into the work force, and the mounting influence of anti-welfare groups), the foundation began to take a look at the American family under pressure. We funded the research and advocacy work of the Children's Defense Fund, the comparative studies of social welfare policies in other industrialized nations by Sheila Kamerman and Alfred Kahn at Columbia University, studies of the urban poor by William Julius Wilson, and the Carnegie Council on Children. The council's final report, *All Our Children: The American Family Under Pressure* (1977), drew national attention to the growing problem of inequality of income and circumstance in American society and made controversial suggestions for federal policies to establish a solid family income floor. The Corporation has continued to support the work of Kamerman and Kahn and in addition established the National Center for Children in Poverty at Columbia University, which is currently planning a national education campaign to bring the public's attention to the fact that, despite general prosperity, more than 23 million children in our nation are living below the poverty line. Most recently, the Corporation has financed the work of Ray Marshall, former U. S. Secretary of Labor, and the Economic Policy Institute to develop analyses and recommendations for social policies that would promote broadly shared prosperity. Since the gap in wealth and income has a great bearing on our traditional concerns for the well-being of families and children and may affect the social compact that has served as a stable underpinning of our democracy, we, in cooperation with other foundations, will explore areas for joint study and analysis. No unsolicited proposals will be accepted at this time.

SPECIAL PROJECTS

In 1921, in the first annual report of the Corporation, President James Angell wrote:

As a result of my year's experience, involving not only extended conferences with the administrative officials of the other large foundations, but also intimate interviews with upwards of one thousand persons applying to the Corporation for assistance, I am persuaded that it is highly desirable to keep the door a little open to the rare and critical opportunity which now and again occurs to render a great public service, even though the field in which this is brought to pass lies a bit aside from the main highway which the Board may have wisely decided to travel.

Special Projects serves as a budget allocation through which the foundation can pursue grants in fields that fall outside the Corporation's major program areas. Under Special Projects in the future, the Corporation will encourage interprogram grantmaking, support a limited number of important "special initiatives," and continue to make grants for strengthening the nonprofit and philanthropic sectors of our country.

CARNEGIE FELLOWSHIP PROGRAM

Throughout its history, the Corporation has supported research projects on issues central to its mission, mainly through universities and free-standing institutions. In addition, we have supported numerous fellowship programs run by others to create, promote, and advance knowledge. Travel grants for scholars and administrators were a feature of the Corporation's Commonwealth Program from 1928 to 1969, when the program was discontinued. Beginning in the year 2000, the Corporation will resume the support of individual scholarship by inaugurating a new Carnegie Fellowship Program, pending IRS approval. Its aim will be to support fundamental research by young scholars and established experts with outstanding promise to contribute significantly to the advancement of knowledge and scholarship. Up to twenty fellowships will be awarded annually in those realms that reflect the current program priorities of the Corporation: Education, International Peace and Security, International Development, and Democracy. Fellows will be expected to deal with such dominant program themes as early childhood, urban schools, teacher education reform, electoral reform, re-imagining the liberal arts curriculum, nuclear nonproliferation, higher education in the former Soviet Union, water as a source of conflict, the resolution of tensions between the concepts of national sovereignty and self-determination, electoral reform, intergroup relations (ethnic, racial, and religious) in the United States, higher education and the status of women in Africa, and the educational and cultural challenges posed by an aging America. Fellowships will be available for a period of one to two years, depending on the nature of the research subject. The maximum amount of a fellowship award will be $100,000.

The Corporation will seek nominations from an extensive network of experts on education, international peace and security, African higher education and development, and American democracy. Nominations will be sought by October 1, 1999. The selection will be announced after the April 2000 board meeting. Nominators will submit the curriculum vitae of the nominee, along with a brief project proposal prepared by the nominee. Nominees will be evaluated by the selection committee on the basis of the individual's promise and the quality of his or her proposed project, as well as on the significance of the contribution the project will make to a given field. A selection committee will be formed to include program chairs and academic advisors attached to the individual programs. The committee will select and recommend fellowship candidates to the president, who will submit a final list to the

board of trustees for their approval. At the end of the fellowship period, the fellows will submit written reports to the Corporation. Depending on the quality of the projects and their national significance, the Corporation may assist in the dissemination of the reports.

Individual fellowships will *not* be awarded to support dissertations, debt repayments, applicants with substantial outside funding, lobbying efforts, the purchase of equipment, or rent. All fellows must be U.S. citizens or have permanent U.S. residency status.

21ST CENTURY FUND

Carnegie Corporation has created a 21st Century Fund as a mechanism for unusual institutional initiatives or grants that cut across all program areas. These will largely consist of one-time only awards to draw public and private attention to important needs and opportunities. Currently we are considering organizing an initiative in public libraries.

Public libraries in our midst are so much taken for granted that their significance as living institutions is in danger of becoming lost to us. Libraries contain the heritage of humanity, the record of its triumphs and failures and of its intellectual, scientific, and artistic achievements, and its collective memory. Libraries are not only repositories of past human endeavor, they provide tools for learning, understanding, and progress. They are a laboratory of human aspiration and a source of self-renewal, intellectual growth, and hope. One of the great challenges for all learning institutions today is to determine the place of technology in promoting the unity of knowledge. Libraries are now wrestling with this very problem — in particular how networked computers and information in electronic forms can be integrated into the historical identity of the library and, conversely, how to accommodate the library's traditional organizational structure and social purposes to these new media. There is reason to be optimistic about the possibility of a lively coexistence between the library and the computer and between the computer and the book, provided that public access is protected, that services remain free to all, and that learning through libraries is not permitted to become an isolated experience divorced from a sense of community.

The Corporation will consider recommending a series of one-time-only grants in the next fiscal year to assist in the transformations under way in a number of public library systems, so that they become even more visible and vital institutions among the people they serve. These grants will be mainly dedicated to preservation, literacy programs, and children's services.

CONCLUSION

Every institution that is imbedded in our democratic system must periodically undergo a process of examination and self-renewal if our country is to adapt successfully to broader changes in the society and to anticipate trends to which it must respond. John W. Gardner wrote at length about this in his book*, Self-Renewal* (1963). Gabriel Garcia Marquez in his novel, *Love in the Time of Cholera,* speaks of the "conviction that human beings are not born once and for all on the day their mothers give birth to them, but that life obliges them over and over again to give birth to themselves." The same may be said for foundations and other institutions, systems, and societies.

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