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**JULIUS ROSENWALD
FUND**

**REVIEW FOR THE
TWO-YEAR PERIOD
1931-1933**

**BY
EDWIN R. EMBREE
PRESIDENT OF THE FUND**



**CHICAGO
1933**

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JULIUS ROSENWALD

ON JANUARY 6, 1932, Julius Rosenwald died at his home in Ravinia, Illinois. Immediately the press and people of the whole country heralded the passing of a great man. Newspapers and magazines devoted columns and pages to his life and works. Telegrams and letters poured in from the rulers of the earth and from the humblest citizens of America, Germany, England, Russia, and a dozen other countries.

Verses were written; portraits and symbolic drawings came from a hundred artists and admiring amateurs; mass meetings stood in spontaneous sorrow, and memorial services were held in Jewish synagogues and Christian churches, and in schools and colleges. Not in recent memory has such wide and sympathetic acclaim attended the completion of an American career.

Why all this furor over the life of Julius Rosenwald? He was rich, but not egregiously wealthy in comparison to modern Croesuses. He gave liberally to a wide range of activities in human welfare, but the gifts of other Americans eclipsed his in scope and size. He made his own large fortune with his own hands and brains, but that achievement is a commonplace in American folklore; many of his contemporaries, starting with just as little, wrought fortunes just as great. His Jewish blood added a piquancy to his success, but it is nothing unusual for Jews to make money or to be generous in dispensing it. He was not a man of erudition. He did not live so long as to become a wonder, or die so young as to be a prodigy. He had no special idiosyncracies which might

have made him a phenomenon for eager exploitation to a curiosity-loving public.

The magic of the Rosenwald name, however elusive, was a reality. Popular attention pressed about his life and works. He stirred interest and love and inspiration in thousands of hearts.

Since no single factor in his career stands out unique in the contemporary scene, his greatness may have come from a rarely balanced combination of many aspects of character and achievement. His career was the fulfilment of an astonishing variety of the dreams and aspirations of the average American. If he was not the supreme exemplar of any single phase of success, he was brilliantly distinguished in so many different ways as to become a composite of modern hopes and ideals. And, throughout his whole career, there lived—and somehow conveyed its impression to the multitude—a rich, friendly, and forceful personality.

Every American boy dreams of making his fortune through a shining success in some new type of business. Rosenwald did just that. Every one likes to imagine himself dispensing his miraculously acquired millions with kindly and thoughtful generosity. Rosenwald spent most of his later life in that delightful occupation. Who does not dream of fighting fearlessly for the right as this man did for business integrity, for racial equality of opportunity, for civic righteousness? What youth does not picture himself, after he has achieved riches and power, turning as Julius Rosenwald did with magnanimous gesture to help some handicapped group, does not imagine himself so strong as to be able to afford to be gentle and modest, yet capable on occasion of turning in righteous indignation and blasting evil as he saw it, denouncing wicked men as well as wicked tendencies?

What young person does not dream of himself fighting—and winning—against special odds heaped against him by crass enemies and the traditional forces of reaction? Jewish prejudice gave Julius Rosenwald just such a set of smug adversaries or detractors to overcome. And his success in winning a high pinnacle in American life, as well as in American business, was a vicarious triumph for every adolescent who inevitably feels the world's stodgy conventions as his special enemy.

Who does not picture himself as laying aside business cares as other interests and responsibilities press upon his later years, but ever eager after all to get back into the thickest of the fighting in the business arena? This was exactly Mr. Rosenwald's situation. His public duties and his philanthropic interests demanded so much of his time and attention that others had more and more to assume immediate direction of the great merchandising house. But he never lost touch with his business. He never had any office but that in the Sears, Roebuck plant, and there was never a day when his health permitted that he was not in that office or telephoning to it from whatever part of the country he might be in. He loved to have situations arise where the business had to turn to him for direction or for temporary management.

In 1921 he threw his huge personal fortune into a guarantee to save Sears, Roebuck and Company in the threatened panic. I remember well his zeal in the midst of the financial crash of 1929. He had been ill; nevertheless he was at the office promptly at 8:30 on that memorable blue Thursday of late October. As thunders and lightnings began to threaten the financial structures of America he placed two telephones before

him, squared himself at his desk, opened the three doors of his office and began to "do business."

Streams of eager callers, previously sifted by a corps of secretaries and clerks, poured through those doors making three long lines right up to his desk. He took them in order from the heads of each line, snapping out decisions and clearing the business of the callers as fast as the lines could move forward. His actions were like the staccato of a machine gun mowing down the columns of eager questioners. He periodically called Washington and New York and answered a hundred telephone messages from Chicago. He made decisions for his company, gave advice to other corporations, came to the rescue of friends and associates and employees who were caught unprepared in the sudden market crash. He sold many securities and also bought thousands of shares. In the course of one attempt to get an order through to a broker, the report came back that the telephone exchange for the whole LaSalle Street section had suddenly gone out of order; he burst into a gale of laughter at the absurdity of such an accident on such a day. He made not less than a hundred separate decisions in this one day, many of them of momentous implications. He saved hundreds of persons from immediate bankruptcy. He saw his own fortune in the collapse which culminated this day, reduced by a hundred million dollars. He saw his business and his personal affairs plunging inevitably into the most troubled waters. It was one of the happiest days of his life.

Who does not dream of himself as remaining simple and kindly and modest amid all his new power and grandeur as Mr. Rosenwald so beautifully did throughout all his successful career? I remember his once commenting on the dictatorial actions of a man of long-

established fortune: "Well, those rich fellows, they get arrogant." It didn't seem to occur to him that at that moment he was ten times richer than the man he was speaking about. To the very end, he really thought of himself as one of the common people. He had to be reminded—or to remind himself—over and over again that he was one of the moneyed aristocracy. He spoke of philanthropists—and often criticized them—as if they were a group of supermen quite outside his class. He was in his home always the simple and genial host to family and common acquaintances as well as to the great of the land. His unaffected, friendly personality was one of his most engaging traits. And this quality, so much cherished by his immediate circle of friends and acquaintances, was so strong as to be able to translate itself to all who ever heard of him. Newspaper reporters who had never seen him conveyed to their millions of readers throughout the nation and the world some feeling of the essential directness and heartiness of the man. The simple integrity of his personality was the fundamental rock on which the love and admiration of the people rested.

When, toward the end of his career, a battery of newspaper men confronted him with the question, "To what do you attribute your success?" instead of answering with pontifical preachments, he said, "Five per cent industry and ninety-five per cent luck"—and a shout of spontaneous admiration went up from the entire country at this fresh breath of realism and good-humored modesty.

Julius Rosenwald was born in Springfield, Illinois, August 12, 1862. His life extended from the stirring times of the Civil War through the world-sweep of American influence which followed the World War, to

the culmination and possible collapse of the spectacular era of capitalistic exploitation and domination of the world. He saw his nation grow from a frontier republic to an empire of one hundred and twenty million citizens, owning a large part of the world's wealth, ruling distant provinces in the Pacific and the Caribbean, and influencing profoundly the policies and destinies of all nations. He was a part of the life and growth of Chicago during two thirds of that century which the city is so proudly celebrating in 1933 as the Century of Progress.

During his lifetime technology came into its glory, natural sciences and their many ingenious applications transformed the conditions of life, wealth poured in, in tremendous uncontrolled waves, almost submerging the personalities of many of its possessors. Into all this lusty growth, especially in the abounding American midlands, he threw himself vigorously and joyously. He loved the turmoil of strife and accomplishment. He was at home in America during the seven lush decades from 1860 to 1930.

During this era America was wrestling with principles and policies as well as frontiers and natural resources. The young Rosenwald spent his early boyhood in the small city of down-state Illinois which had been Abraham Lincoln's home. As a boy he ran about streets which had resounded with debates on human slavery and on federal union versus states rights and secession. His emotions as well as his intellect were captivated at this early period by the ideal of a great and unified nation and by the rights and privileges which should adhere in all men regardless of color or race.

He came into full manhood when the great tide of immigration was pouring into America and when the

melting pot was the national slogan. He threw in his lot heartily with the Americanizing process. Proud of his German and Jewish heritage, he was staunchly, unreservedly an American. While in broad outlines his career was indistinguishable from those of other Americans who have made a unified nation from very diverse racial and cultural stocks, the Rosenwald personality owed much to this German-Jewish background. It is interesting to contemplate that his life and works are examples of what Hitlerism is trying to exterminate, root and branch, from Germany and from world society.

His career was wrought during the heyday of competitive capitalism, and while he was occasionally given pause by the excesses of unrestrained greed which strutted under the triumphant banner of rugged individualism, he was after all a firm believer in the competitive system of which he was so successful a part.

His lifetime spanned the period of spectacular development of the public school system whose goal was a sound general education for every boy and girl in the entire nation. Pressing problems everywhere during these turbulent decades were to keep government and social organization abreast of the phenomenal material growth, especially to rid the cities of corruption and misrule.

A rich and stirring era for any man to live in. His business career, his ideas, and his philanthropy were all influenced by these yeasty times.

In business Mr. Rosenwald started in the clothing trade. After apprenticeship in Illinois and New York, he entered the family concern of Rosenwald and Weil in which he made only a moderate success. Then he bought a place in one of the houses which were be-

ginning to exploit the great possibilities of merchandising on a nation-wide scale through use of the mails. Immediately he launched a phenomenal triumph.

Gaining steadily more complete control of the business, forcing to the front his ideas of absolutely honest dealing as the only sound policy for such an enterprise, attending to details with a pertinacity almost demoniac, he built up a gigantic business which consisted of millions of small orders from buyers scattered throughout the nation, which rested upon the confidence of these buyers and upon the economy and efficiency of millions of separate acts. No business better than a large retailing enterprise could have suited the temperament and abilities of this man, who believed in simple honesty, who loved passionately details and industriousness, who in every aspect of his life kept constantly in mind that a dollar consists of exactly one hundred cents.

Mr. Rosenwald attained much more than a business success, though that was undoubtedly the basis of his influence in other fields. And into his public interests and his philanthropy he carried the habits and attitudes which made him successful in commerce. Although he gave away millions of dollars, he was as watchful of budgets and pennies in his giving as in his earning. Social projects were considered by him with the same realism that he applied to choosing a new line of goods for his store. And his imagination could be stirred only on the basis of concrete projects carefully worked out and budgeted. "That sounds vague," was his most damning criticism of any proposal. On the other hand he was never afraid of new ideas or new methods in social welfare any more than in industry. And he never scorned the small and humble items of public improvement. In government reform he was proud to help on

such homely projects as improving the standards of street cleaning. In medicine and public health his interest expressed itself most easily in aid to a specific clinic or support of an individual teacher. His best known philanthropy was help in small sums, usually of only a few hundred dollars each, in the building one by one of 5,357 individual school houses for Negroes in the southern states.

Statistical summaries show that Mr. Rosenwald's philanthropies totaled between sixty and seventy million dollars, depending on the market valuations given to several large gifts which he made in stocks rather than in cash. Large subdivisions of his total gifts are: to the foundation which he created, \$20,000,000; to Negro education and welfare other than through the Fund, \$4,000,000; to the University of Chicago, \$4,000,000; to Jewish farm colonization in Russia, \$5,000,000; to Jewish charities and Jewish institutions, \$5,000,000; to war work and war relief, \$2,000,000; to arts and crafts and industrial museums, \$5,000,000; to general education and research, \$3,000,000; to hospitals and health agencies, \$3,000,000; to other causes, including the family trust created to carry on certain of his charitable interests after his death, \$10,000,000.

That summary widely printed at the time of Mr. Rosenwald's death is sufficiently accurate so far as the figures go. But it gives no true picture of his giving. It would have been meaningless to the man himself. His philanthropy consisted not of rounded totals or relative percentages but of very personal gifts to individual projects which won his confidence: Five hundred dollars to a small school house in Tennessee, half the salary of a professor at Howard or of an assistant at Harvard, a carefully figured percentage of the annual

needs of the Jewish Charities of Chicago, equally exactly figured sums this year and next year and the year after to Tuskegee or Beirut University or the Hebrew Union College in Cincinnati, a million dollars for an industrial museum in Chicago, increased from time to time as later itemized needs grew for the carrying out of this "specific, concrete, definite project," three hundred dollars to help some student through college, five million dollars to colonize Jews on farms in South Russia, \$3,333 to Professor Abderhalden's scientific investigation at Halle, Germany, \$1,065 for a civic reform activity of the City Club of Chicago, \$750 for the distribution of a number of copies of a book in which he was interested and \$18 for the distribution of a few copies of another book, \$709,260 for the new dormitories at the University of Chicago, and \$500 for the nursery school at that University, \$21,350 to the Chicago Council of the Boy Scouts and \$85 to the Chicago Council on Foreign Relations, \$25,000 to Fisk University for a new department and \$34 to a Negro State Industrial College for care of its lawn, \$100,000 to Harvard University in celebration of the 90th birthday of his much-admired friend Eliot, \$25,000 to Wellesley College in pleasant remembrance that his daughter studied there, \$1,000 to this agency and that "to encourage a friend who is giving a lot of his own time and money to this cause," \$500 to a special clinic at Michael Reese Hospital, and \$34,000 toward a new wing of that hospital.

Such was his giving. A series of items of every size from five dollars to five million dollars, each inquired into with identical care, each computed from the proper needs of the cause and the proportional support from other givers, each paid only after the most careful accounting, each a personal contribution to a definite

project in which he personally believed and which he personally convinced himself was sound in its financial demands as well as in its social promise. It is not easy from such a list of giving to make general statements of Mr. Rosenwald's lines of interest, of his relative belief in various kinds of social activity. The fact is, he was interested in any cause which had a definite goal, which was managed by capable people, and which was in the habit of getting one hundred cents worth of social betterment out of each dollar it received.

It would be false, however, to give the impression that Julius Rosenwald had no "policies" in his giving. He had a number of strong convictions as to the methods of using charitable funds.

He had a firm belief that the resources of a generation should be used during that generation. He stipulated that the foundation he created should expend its total resources and complete its work within twenty-five years of his death. He made gifts to institutions and special agencies always for current expenses or "temporary endowment." He wrote articles, made speeches, and handled his own giving with a view to destroying the tradition of perpetual trusts and in favor of using funds, capital as well as interest, while needs were apparent and while ideas and enthusiasm were fresh and vigorous. He would always rather see a dollar spent for clear needs today than left to accumulate until it had multiplied itself even a hundred fold for possible uses in the remote future. He felt that coming generations should be left to care for their own needs and that the best contribution of the given age was to put the world into as good shape as possible for our descendants, rather than to hoard money which might or might not be of much use to our grandchildren.

He believed that social services should so far as possible pay for themselves from the fees of those who benefited by them. His experience as a merchant led him to the opinion that by efficient organization and by the quantitative extent of any service, charges could be made low enough even for the average small wage-earners to pay their share. He took pleasure in seeing this principle applied to medical clinics, to model apartments, and in so far as it was feasible, to all other public services.

He eschewed racial or religious bias in his giving. His grants ranged a wide field of Jewish, Catholic, and Protestant agencies and of divergent racial groups.

Much of his giving was to the stimulation of public agencies to take a larger share of social responsibility. He recognized clearly even before the days of the New Deal that in modern complex society the state must assume increasingly the burdens of education and health and a multitude of other functions, which in a simpler era were carried by private charity or individual initiative.

Mr. Rosenwald had the courage of his convictions in his giving and in his public life. He was deeply concerned for the righteousness of his city and all during those decades when private disorder and public corruption were in such evil union in Chicago he was one of the few men who continued steadfast in the fight, risking business annoyance from boodling officials and even risking life at the worst stages when rackets crept into the highest and most powerful places of the city government. His chief philanthropic interest, the Negro, while not involving any attack or abuse, certainly was not a field chosen for its general popularity. In medical services he gladly supported the program of the officers of the Fund for better economic planning in

this most ill-organized and individualistic of human services, though this meant bitter attack from the medical associations against the Fund and against him personally. On the other hand he refused to contribute to the Zionist movement or to take any part in it, although this crusade to recreate a homeland in Palestine for the Jews swept the race with a great emotional surge in this country and abroad. In spite of attack from his own group and the alienation of many friends, he stuck by his own convictions in a matter where it would have been easy and pleasant to go along with the tide.

If the gift without the giver is bare, no beneficiary had occasion to complain on this score for Mr. Rosenwald gave only because of his own interest and his own convictions. And he gave of himself quite as much as of his funds. He helped agencies and causes by serving on their directing boards, by helping to raise money from others, by personally troubling over details of their management. His great interest in Negro welfare and his personal friendship for many individuals of that race, saved his philanthropy in that field from any taint of patronage. He became at once an active worker for any cause to which he was a contributor.

Such were a few of the traits, a few examples of the acts in the life of the man who created and endowed the Julius Rosenwald Fund. Those associated with him in the work of the Fund cannot issue this report—the first since his death—without recording the inspiration they had from its founder, without trying to share with friends of the Fund some appraisal of the man and his work. The personality which conveyed its fine impression to all with whom he came in contact was especially impressed upon the trustees and officers of the Fund who

were privileged to share with him many of his interests and activities. The trustees at the meeting following his death adopted this minute:

The founder of the Julius Rosenwald Fund has been the inspiration and guiding spirit in all the work of the Fund. His self-forgetfulness, his great wisdom, the confidence in which he was held by the entire nation were the foundation stones upon which the activities of the Fund were securely based. These contributions of character and ideals were infinitely greater than the large sums which his foresight and generosity provided in the founding of the Fund.

As fellow-workers on the Board of Trustees of the Fund, we found association with him to be a priceless privilege. The inspiration and strength of his great spirit will continue with each of us and with thousands of others as the years go on.

We accept anew the trusteeship of the Julius Rosenwald Fund as a sacred inheritance from him. In his memory, we pledge ourselves to humanity to carry on in the light of his purpose and example to the end that the aspirations and ideals of Julius Rosenwald, the founder, may become dominant in American life.

A WORLD OF INTERESTING PEOPLES

THE world is made up of hundreds of interesting races living under most diverse cultures. The Julius Rosenwald Fund has centered its activity in the general field of racial adjustments, chiefly through efforts to improve the condition of the Negro in America. But problems in the United States are but one phase of the world conflict of races and cultures. Satisfactory solutions in any single area probably will come only as the general issues are clearly understood and as new attitudes are taken throughout the world with respect to the value of divergent cultures and the place of differing races. With this in mind the Fund has been giving attention to the questions of racial and cultural clash wherever they appear. The Fund has taken part in the planning of Indian education in the United States as well as cooperating actively in many aspects of Negro welfare; some years ago it surveyed the interesting progress of folk schools in Mexico. During the past year officers of the Fund have taken part in studies of education in American Samoa and in the Dutch East Indies.

These surveys of Pacific Island Groups, in addition to specific plans for schools in the given colonies, throw light on the whole question of divergent cultures and on the use of education as an instrument for the development of differing races in what is rapidly coming to be a common world society. The reports of the studies are separately published, the one in a brief pamphlet entitled "A New School for American Samoa," issued by the Fund, and the other in a small book to be published early in 1934 under the title "Education in Island India." It is proper to comment here only on a few of the fundamental concepts which underlie these

studies and which bear on the general question of education under diverse cultures.

OBJECTIVES OF EDUCATION IN VARIOUS CULTURES

Education the world over suffers from lack of clear analysis of its proper objectives. Muddy thinking is especially harmful where ancient cultures are under stress from the dominance of modern civilization. Schools have fairly well found their place in Europe and America, where a chief task is to pass on to the rising generations the great accumulations of knowledge and to equip young people with intellectual tools by means of which they can use and increase this knowledge. In primitive communities untouched by the West, the educational purpose is also pretty clear. Most such peoples have worked out a fairly successful system for passing on the *mores*, ideals, and taboos of the race, through the initiation ceremonies at puberty, the adolescent houses for boys and for girls, and the general tribal and family organizations. But where primitive orders are being disturbed by Western dominance, the role of the school is by no means simple. In such situations the powerful social instrument of education must be used with clear understanding and with sound wisdom if it is to help more than it harms.

It is surprising that so little deliberate analysis has gone into the planning of colonial education on the part of Western administrators, native leaders, or impartial observers and critics. In general it has been blandly assumed that education was self-evidently a good thing, that to offer schools of any kind to any people was a beneficent act, and that the ethical attitude of any administration could be judged by the budget provided for native education. Missionaries and humane ad-

ministrators have vied with each other in rushing schools to native peoples the world over. Hundreds of millions of dollars and thousands of Western teachers have been poured into the education of "backward people." Yet there has been shockingly little consideration of what all this busy schooling was actually doing to native society and to individual personalities.

THE ARROGANCE OF WESTERN CIVILIZATION

By force of completely superior arms Europe easily took possession of Africa and the East. With blithe arrogance the West assumed that since she was so far superior in arms and organization and mechanics she was also superior in all other qualities. She took for granted that her religion, her social and political forms, her family organization, her economic systems, were better than anything which other people had built up for themselves. Christianity and capitalism and monogamy came in for a share of the awestruck reverence which was really inspired by the omnipotence of European warships and the efficiency of Western organization.

Confused as to the elements of their true greatness and full of arrogance and self-assurance, the Western nations undertook as a sublime duty the transforming of "backward people" throughout the world into something approximating the Western model. However benign the motives, the combined efforts of administrators, missionaries, and business men have been directed to making "little Europeans" of all native peoples. When, for example, we talk of getting colonial dependencies ready for self-government, we mean self-government in accordance with Western democracy. When we urge protection until these people can stand alone economically, we

mean in an economy based on the European concept of world finance and competitive commerce. When we preach and pray about the moral condition of the heathen, we have in mind the ideals of European morals, especially with respect to Western taboos in sex and private property rights. When we provide schools we plan them in terms of the intellectual disciplines of the West.

One need not be cynical about it. The motives of the Western rulers and reformers have been by no means entirely selfish or vicious. The lack has been in any intelligent analysis, in any becomingly modest attitudes with respect to differing types of human attainment.

Racial arrogance—which was as conspicuous in Egypt and Greece and ancient China as it is in modern Europe—has beclouded the contact of cultures. The world effects of this attitude have been more devastating in recent times only because modern mechanics have given a power and a world sweep to present contacts undreamed of in previous history, and have thus made it possible for the powerful West to control and direct the lives of hundreds of millions of people the world over.

THE CULT OF PRIMITIVISM

Against arrogance and exploitation a slight but sharp doubt has recently grown up even among the Westerners themselves. The World War, the idealism of President Wilson, the new attitude adopted by the League of Nations to the effect that all colonial government was a trust executed not for profit or aggrandizement but for the benefit of the native people and of the world at large—these and the threatened collapse of European civilization through the war and the economic debacle, have softened our attitudes toward other cultures and

mitigated our self-assurance as to the complete superiority of Western forms.

Meanwhile the studies of anthropologists have revealed unexpected excellencies, as well as quaint oddities, in the ways of life of distant races. We are beginning to recognize that the culture of many non-industrial people may be, in certain respects, quite as good as our Western customs.

The reaction has in certain instances swung opinion over to the opposite extreme. A tendency now occasionally appears to over-glorify all things of the East, to worship the primitive, to belittle all things Western and industrial. Bath tubs and trousers are becoming terms of ridicule in certain esoteric circles. Any religion, no matter how superstitious and degrading, is declared by a few precious souls to be superior to Christianity. The most marvelous machines are derided as toys or decried as destructive to culture and personality.

In this reaction against industrialism and the West and in favor of primitivism and the East, it has been urged that the whole educational process should be directed toward preserving native peoples in their ancient ways of life; it has been suggested that primitive cultures should be mummified, held changeless in a changing world.

VARIED PATTERNS IN A COMMON WORLD SOCIETY

Exclusive adherence to static preservation of ancient ways of life seems as narrow and ill-justified as exclusive devotion to Westernization. A close, interdependent society is taking the place of the separateness and isolation in which races grew up in former centuries. Rapid communications and world trade have created a new order. No nation and no race can today live to itself

alone. In this new world society, it behooves each group to build on the foundations of its own culture but also to learn and benefit by whatever tools or ways of life any other group has worked out successfully.

To put such an objective into effect, much painful trial and error will doubtless have to be experienced before workable programs of education are developed for differing regions. Meanwhile, the first task is to differentiate the characteristic and useful aspects of the competing civilizations. It is not too difficult to do this if one eschews sentimentality and looks coolly and objectively at the scene.

TOOLS OF THE WEST

The great achievement of Western civilization is its unprecedented development of tools: the ferreting out through science of the secrets of nature and the putting of all forces to work for man's service and convenience through mechanical devices and efficient organization. The West has carried this whole business of the use of tools beyond anything ever dreamed of in any other area at any other era. The accomplishments in science and machines are all about us, blatantly and gloriously conspicuous. In many ways they have transformed the conditions of life in the West and throughout the world. The industrial revolution, efficient machine manufacture, and scientific farming have brought in a new plenty in happy contrast to man's age-old, desperate, hand struggle to obtain enough food and shelter and supplies to keep life going from day to day.

Through a single phase of science—medicine and its application in public health—we have curbed the great contagions of the ages, have prolonged the average duration of life by two decades, and have greatly im-

proved the daily freedom from disease and the robustness of our health.

Not only have we wrought these overt triumphs but in the course of them we have developed the intellectual tools—language, concepts of precision, mathematical theory, science—to such a degree that these are not only means of achieving ever fresh victories, but are also in themselves a broadening of mental scope, an enlargement of the intellectual life.

Tools, both mechanical and intellectual, are the great achievements of the West. They are gifts to world society, ample to justify our conspicuous place in the sun.

LIVING IN THE EAST

While the West has been developing science and mechanics and efficient organization, other peoples have been working out satisfying ways of life of very different kinds. In the Polynesian Islands, in China and the villages of Japan, in the Malay Archipelago and in Africa there are not the efficient tools of the West, but there is an astonishing amount of enjoyment and expression. In Java or Bali or Samoa, song and dance and drama have a large place in the life of everyone. There is less devotion to careful planning for the future, but much more delight in the present.

Life in such places seems to be clearly understood even by the simplest villager or farmer, to be something to be lived as it goes along. Success to them is not a remote achievement but something to be realized every day. While the average man and woman in the East works much harder than any white man in Europe or America, labor is not worshipped as a goal in itself but is regarded quite naturally as the price of food and shelter and decorous surroundings.

Art in the East is not the profession of a few, but the expression of all. Weaving, the making of tapa or batik, carving of temple ornaments or of simple implements for the home, are matters not only of utilitarian labor but also of creative joy.

Beauty and grace are ends in themselves to a degree almost incomprehensible in Europe and America. The ceremonial tea in Japan occupies hours and is invested with the most scrupulous attention to traditional conventions of courtesy and dignity; the arrangement of flowers is considered so important as to require an education as long and arduous as that we give to science or mathematics. In all the East, dancing and singing are not merely diversions but accomplishments of high prestige. In Java the rice fields are tended with devotion not only for the purpose of a maximum crop but in order that the fields themselves may be items of loveliness in a beautiful landscape. Consideration of the feelings of others runs through all of daily life. The courtesies due one's fellows are elaborated throughout the East to such a degree that a breach of etiquette is regarded there with the same horror that we look upon a breach of contract.

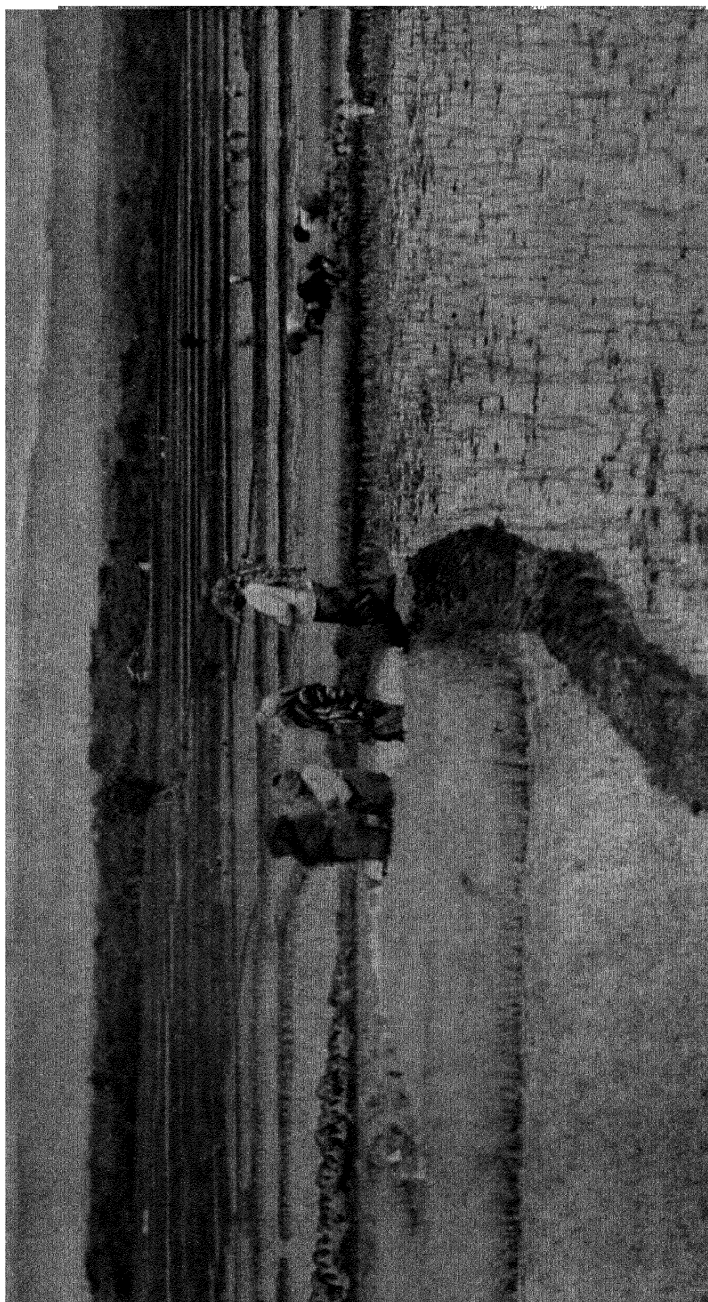
It is hard to give in general statements a true picture of life in primitive communities or among the masses of even such highly developed Eastern nations as China and Japan. Much hardship and suffering run hand in hand with joy and beauty. Disease cripples all of the East to an extent that seems terrible and inexcusable to persons who have begun to take for granted the recent progress of hygiene and public health in North America and Western Europe. Life is still a desperate hand struggle for the barest of necessities in food and shelter for many of these people who lack efficient tools.



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A NINE-YEAR-OLD DANCING GIRL OF BALI

“In all the East, dancing and singing are not merely diversions but accomplishments of high prestige.”



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“In Java the rice fields are tended with devotion, not only for the purpose of a maximum crop but in order that the fields themselves may be items of loveliness in a beautiful landscape.”

Miserable huts often house pigs and goats and cattle and crawling vermin as well as persons so poor and helpless as scarcely to deserve the name of human beings. And the lack of such intellectual tools as a world literature and scientific knowledge and method limit mental scope and outlook. In spite of these harsh handicaps even the common people throughout the Orient and the islands of the Pacific get an astonishing amount of joy and expression into life as it flows by.

There is a great deal to be said, also, for the economy which characterizes communities which we call primitive. The closely knit family clan and the communal village give an economic security unknown under competitive capitalism. It is true that fixed traditions and rigid taboos circumscribe action and tend to penalize individuality and initiative. But these compact units based on common labor and a common sharing of products offer calm security, an incentive to cooperation, and a fine arena for the development of individual talents, not so much for competitive gain or individual prestige as for the enrichment of the common life.

Partly because of communal living there is throughout the East a reverence that comes from feeling oneself a part of the whole life process—rather than an enemy or competitor of other persons and other forces. Of course a good deal that passes for reverence in any primitive group is merely superstition and childish fear. But there is a modicum of authentic reverence that flows naturally from sensitivity to beauty, desire for graceful living, an economy based on mutual helpfulness and common sharing, and a feeling of kinship with the universal forces, most of which must always remain mysterious and all of which have gone into the creation of us.

Not all of the tools, of course, have been devised in

the West, and grace is not the possession solely of the East. Many clever devices, such as gun powder and the printing press, were invented in China long before the period of European supremacy; certain of the tools used in primitive countries today are as ingenious as any worked out by Western science. And certain parts of Western Europe and America are not entirely lacking in art and expression, though a shocking amount of our "recreation" comes from attending performances of others, in concerts or moving pictures or athletic contests, rather than in spontaneous creative action by the great body of individuals themselves. The achievements of various parts of the world overlap each other. But in general it is fair to say that the West excels in tools and organization and the efficiencies and conveniences and power which flow from them, and the East in expression and day-by-day enjoyment of life as it flows by.

EDUCATION

Education then would seem self-evidently a different matter in different regions. In the non-industrial countries children should primarily give their attention to gaining skill and competence in the native arts and crafts, to learning the customs and habits of life which characterize the given people, to gaining rich knowledge of the folklore, the history and traditions and poetry and songs of the group. Acquaintance with the greater world and competence in handling the mechanical and intellectual tools of the West should be supplementary.

It is important that this emphasis be correctly placed. Because of the great prestige which powerful tools have given to the West it is easy for young people the world over to be so impressed by Western success that they desire to sell their whole rich birthright for the mess

of pottage so gaudily offered through Western ways.

In many places the younger generations are acquiring no skill in their own arts and crafts, are giving no study to the ways of life carefully and beautifully worked out by their ancestors, are losing respect for their native life, and are rushing to ape the European in his trivialities and failures as well as in his means of success. Trousers, movies, "democracy," competitive scramble for individual material gain, membership in a tawdry foreign church, futilely busy routine, jazz music, mechanical gadgets—all these are avidly swallowed by the awe-struck youth with no realization of what they mean and with no understanding that these are merely the incidental trappings of the real accomplishments of the Western nations.

If the young people can learn to choose the good elements of both types of civilization, their lives will be enriched. For if they disregard the efficient mechanics and intellectuality of the West they will remain needlessly weak before the forces of nature and the power of the onpressing nations. Yet if they throw over all of their own rich heritage, life will lose meaning and significance to them in their home setting and they will be making this supreme cultural sacrifice in order to be admitted only partially to a civilization which itself is only partly good, which requires the joy and creative expression and communal feeling of the East to make it a fully satisfying way of life.

Similar considerations bear upon education in the West. If our civilization has lacks as well as undoubted strengths, the schools are the natural place to begin to build up a richer culture.

Most of the education gained by the student in North America and Western Europe is in getting an understand-

ing of the great intellectual tools, some skill in their use, and some knowledge of the intricate mechanisms of the civilization which they have fashioned. That is on the whole proper enough. To live effectively in the Western world one must know mechanics and science and organization, for in reality they are the *mores* of our tribe. But in so far as our education is purely Western, it emphasizes these tool subjects to the serious exclusion of other elements which go into a full, rich, human life: expression in art and rhythm, mutual helpfulness and mutual riches, sensitivity to beauty, willingness and capacity to enjoy the stream of life as it flows by. Some understanding of these principles and some skill and competence in applying them to living must be inculcated during the school years if Western pupils are to get more than a one-sided education.

The wisely educated student graduating into his American heritage will take full advantage of the tools of wisdom which the West has developed with almost miraculous ingenuity. But he will not be awed or hypnotized by these ingenious wonders. He will remember that after all they are only tools and that the goal of human life is humane living.

One way that we in America might emphasize the non-industrial aspects of education is to give attention to the special contributions of minority groups. One tenth of the population of the United States are Negroes, who are citizens today of the West but whose biological ancestry and cultural heritage go back in part to rich and fertile Africa. The Indians who formed the indigenous population before the Europeans seized the continent possessed a picturesque culture, fragments of which still survive. Three million Jews in America have traditions and ideals which retain a characteristic flavor in spite of

their long residence in the West. One and a half million Mexicans and several hundred thousand children of recent immigrants from Southern and Eastern Europe have colorful backgrounds. The tendency of the whole educational system of the American melting pot has been to crush out all these differences from the standard Western industrial pattern. And the various minority groups have eagerly joined in the effort to remove all their distinguishing characteristics so that they might merge inconspicuously into the American scene.

Not only should these groups be given every inducement to preserve their colorful backgrounds, but advantage might be taken in our whole educational system to glorify the diverse ways of life represented by the heritage of these fellow citizens. There is little doubt that these various elements will be satisfactorily absorbed into American life; the danger is rather that they may be so completely "Americanized" that ceasing to have any characteristic individuality they will simply swell the ranks of standardized mediocrity.

The Julius Rosenwald Fund is giving attention to these problems because of its concern for racial adjustments in this country and the world over and because of its interest in the general subject of education. If educational systems would include the contributions both of the East and of the West, we might look forward to a world society prosperous but not simply replete with an increasing flood of mechanical appliances; to peoples industrious and healthy but not worshipping drudgery and restriction, willing to mingle efficiency and material success with some leisurely enjoyment of life; to a society which will welcome variety and color in a rich texture of intellectual interests, artistic expression, and emotional joy.

REPORT OF FUND ACTIVITIES FOR THE PAST TWO YEARS

THE period from July 1, 1931, to June 30, 1933, was a time of acute financial distress, which not only caused individual suffering on an unprecedented scale but strained the most firmly established institutions and even threatened the existence of endowments of long standing. In the case of this Fund, capital assets, chiefly in Sears, Roebuck and Company stock, shrank to a fraction of their normal value, while during the latter part of the period income ceased.

The Fund of necessity curtailed its expenditures and avoided new commitments. However, because of the unusual needs created or distended by the depression, and because of the instructions of the founder to expend principal as well as income as needs and opportunities were presented, the Fund continued to support significant institutions and causes and paid out on its programs of education and philanthropy during the two-year period a total of \$1,938,080.

The adequate maintenance of the institutions and activities in which this Fund has long been interested was helped greatly by the generous action of other foundations. The Carnegie Corporation, which has a long history of interest in libraries, made an appropriation of \$100,000 to enable the Fund to carry through its program of demonstrations of intensive library service on a county-wide basis. The General Education Board made emergency grants to a number of Negro institutions which helped greatly in tiding them over a period when

the Fund and other contributors were compelled to cease or to reduce their gifts.

RURAL SCHOOLS

During the period under review, the Fund brought to conclusion its long program of aid in the building of schoolhouses for Negroes in the southern states. This activity, which was started by Mr. Rosenwald personally in 1913, and has since been carried on by the Fund, has resulted in the building of 5,357 individual schoolhouses in 883 counties in fifteen southern states. The aim of this program has been to cooperate with the authorities of the given states and counties in building up an adequate public school system for this special group of the population. Every one of these so-called "Rosenwald schools" is an item in the regular public school system.

The Fund gave simply a part of the cost of the building as a stimulus to the public authorities and to the Negroes and their local white friends. The major part of the funds even for the buildings came from the local treasuries, although in every instance substantial contributions came from the Negroes themselves—striking evidence of the desire of this race for schooling for its children. Once erected, the schools became a part of the public school system and were supported and manned and directed by the public school authorities.

The need for special aid in the development of a school system for Negroes is due to the fact that throughout the South a dual system of public schools is maintained, one for white pupils and another entirely distinct system running from the primary grades through college for Negroes. It is not enough, therefore, to help build up the general schools, since the regular white

institutions do not offer facilities to a race which numbers one fourth of the population of the South. Not unnaturally the white group which is in authority and in control of public policies and the public purse has been slow to put funds into Negro education, especially since school facilities for white children are at a lower level in the South than elsewhere in the country, and since public revenues in the southern states have been notoriously meagre during the whole period since the Civil War.

The cooperation of the Fund therefore has been directed to help in building up the Negro's share in something approaching an adequate public school system for all the people. The number of buildings aided by the Fund exceeds the total number of schools of every sort which existed for Negroes in the southern states at the time of the beginning of the Fund's program, and the expenditures on buildings and equipment of "Rosenwald schools" alone is nearly twice the total invested twenty years ago in rural schools for Negroes throughout the South. The series of schools aided by the Fund provides modern housing for more than six hundred thousand colored pupils, with a staff of teachers, themselves Negroes, of approximately fifteen thousand.

In spite of much recent progress, it would be a mistake to assume that anything approaching America's ideal of public education for all is yet available to this group in the South, or that they are receiving their proper share of public funds or of intelligent attention. Recent studies of eight southern states show annual expenditures of \$44.31 per capita for whites and only \$12.50 for Negroes. In certain states with huge black populations

the discrepancies are even greater. Georgia spends an average of \$35.42 for each white child and \$6.38 for each colored pupil. Similar figures for Mississippi are \$45.34 against \$5.45.

Enlightened public policy would seem to indicate a greater rather than a less proportionate expenditure for the education of that part of the population which is most handicapped, and whose contributions to the burdens of the South come so largely from ignorance and lack of opportunity. One continues to be reminded of Booker Washington's old quip, when commenting on the meagre facilities and short terms of the colored schools: "Negro children may be smart, but the white people of the South compliment them too much when they think they can learn in four months as much as white children can in nine."

However inadequate the present provisions, the beginnings of a proper school system and of a teaching profession in the Negro group may be regarded as established. With the program of Negro public schools well under way, the Fund regards its effort in this specific direction as ended. Financial aid from an outside source may be continued so long that it becomes a crutch rather than a stimulus. With the period under review, therefore, the Fund terminates a program of general building of rural schools on which it and its founder have been engaged for twenty years. It will continue its interest in education and racial welfare, but it will not carry further this special program of aid in the building of schoolhouses.

The following tables give in statistical form the figures for the schoolhouse program of the past twenty years:

NEGRO PUBLIC SCHOOL BUILDINGS AIDED BY THE FUND

State	Number of Buildings	Pupil Capacity	Total Cost
Alabama.....	407	40,410	\$ 1,285,060
Arkansas.....	389	46,980	1,952,441
Florida.....	125	22,545	1,432,706
Georgia.....	261	37,305	1,378,859
Kentucky.....	158	18,090	1,081,710
Louisiana.....	435	51,255	1,721,506
Maryland.....	153	15,435	899,658
Mississippi.....	633	77,850	2,851,421
Missouri.....	4	1,260	257,959
North Carolina.....	813	114,210	5,167,042
Oklahoma.....	198	19,575	1,127,449
South Carolina.....	500	74,070	2,892,360
Tennessee.....	373	44,460	1,969,822
Texas.....	527	57,330	2,496,521
Virginia.....	381	42,840	1,894,006
TOTALS.....	5,357	663,615	\$28,408,520

FUNDS CONTRIBUTED FROM VARIOUS SOURCES TOWARD THE BUILDING OF "ROSENWALD SCHOOLS"

	1931-33	Total 1913-33
Julius Rosenwald Fund.....	\$ 90,942	\$ 4,364,869
Contributions of Negroes.....	42,859	4,725,871
Contributions of Whites.....	32,746	1,211,975
Public Funds.....	594,142	18,105,805
TOTAL.....	\$760,689	\$28,408,520

GENERAL EDUCATION FOR NEGROES

If a public school system is to be successful and if a race is to progress, there must be adequate leadership. With this in view, the Fund has been giving increasing attention to the development of a few first-rate centers of education on the college level, and to the development of Negro personnel, both as teachers and as leaders in other phases of life. The essential needs on the higher

levels seem to be not so much for technical training of teachers in the narrow sense or for mere routinized schools in the trades or farming, but for the general development of intellectual powers capable of dealing with any of the problems of modern complex civilization, including the problems of teaching children.

The Fund, therefore, has made relatively slight contributions either to normal schools or to so-called vocational schools. It has concentrated rather on facilities for sound general education. In particular it has aided a small group of colleges to maintain standards of intellectual honesty and scholarship. The four college centers that have received the special aid and attention of the Fund are Howard University in Washington, the federated group of institutions in Atlanta, the educational center represented by Fisk University, Meharry Medical College, and the State Agricultural and Industrial College in Nashville, and the newly projected Dillard University in New Orleans.

Further cooperation in the development of Negro personnel has been through the granting of fellowships to persons of unusual promise. Such fellowships were given during the past two years to 188 Negroes, of whom the majority were equipping themselves for teaching, but a considerable number of whom were potential leaders in other lines, especially in the arts.

NEGRO HEALTH

The Fund came to the conclusion several years ago and announced in 1930 that hospital provisions for Negroes was not only too large and varied a problem to be dealt with by any foundation but was essentially a local or state responsibility. We have aided a few institutions which it is believed will serve as educational

centers for Negro physicians and nurses and as pace-makers in hospital service for Negroes. During the period under review three important hospital projects in which the Fund is interested have come to fulfilment.

The newly erected Flint-Goodridge Hospital in New Orleans was opened in the spring of 1932 as the first unit of the new Dillard University. This well-equipped modern building is proving to be not only a place for the care of the sick but a center for professional development of Negro doctors, for the training of colored nurses, and for the dissemination of health education throughout the community. Leading white doctors have willingly and effectively served as consultants, with the result that professional growth and interracial cooperation have gone together.

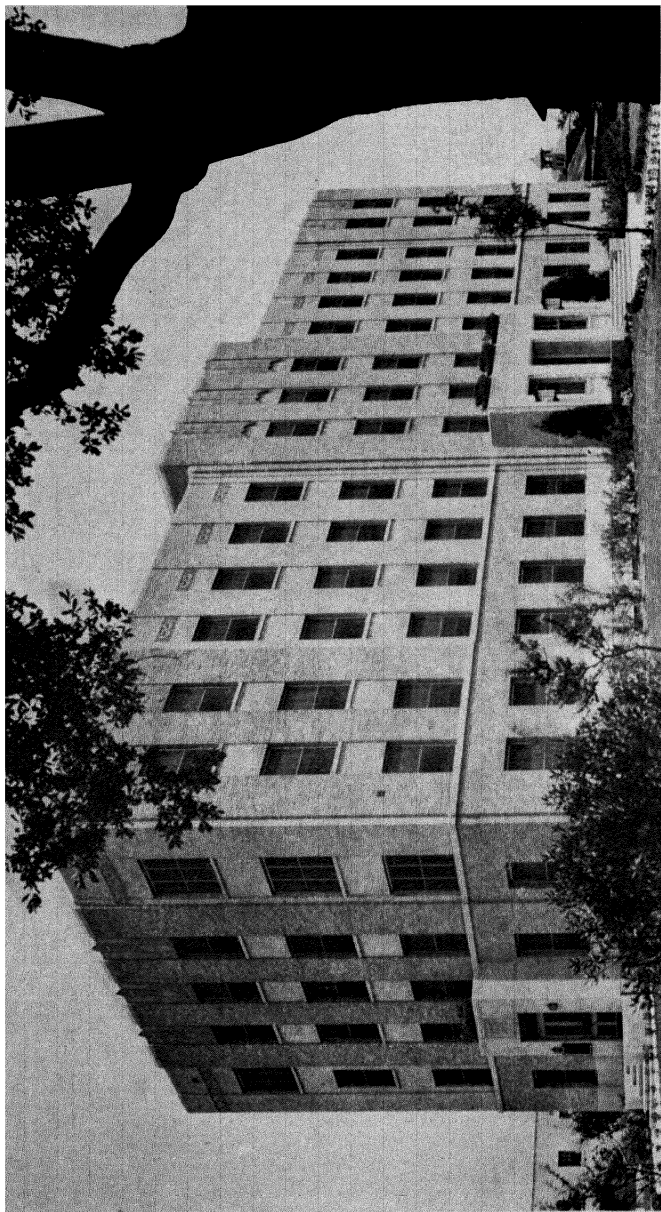
The Provident Hospital of Chicago moved into its new quarters in the spring of 1933 and has consummated its affiliation with the University of Chicago whereby the hospital becomes a national university center for the post graduate education of Negro doctors. In Knoxville, Tennessee, a new building was completed and equipped in the summer of 1933 to serve as a Negro branch of the Municipal Hospital.

An important school of nursing in which the Fund has cooperated was opened in the autumn of 1932 at Hampton Institute, Virginia. The school uses the facilities of the enlarged Dixie Hospital for the training of pupil nurses who in a combined course have general education at the Institute and bedside training at the hospital. This school offers special facilities for further training of graduate nurses in public health and in the responsibilities of hospital administration and nursing education.

The National Tuberculosis Association with the aid of the Fund is maintaining a Committee on Tuberculosis



BOOKS COME TO RURAL TENNESSEE



FLINT GOODRIDGE HOSPITAL, NEW ORLEANS

The first unit of the new Dillard University which is a merger of two denominational efforts and of the interest of the citizens of New Orleans in a strong college center for Negroes

among Negroes from whose studies may be expected to flow suggestions and stimulus in dealing with this ramifying problem.

The United States Public Health Service has cooperated in studies looking to the control of syphilis in rural communities. Lack of funds has stopped the intensive efforts in specific counties for the control of this great plague. It is hoped that some means may be found for renewing and extending these most promising efforts in one of the greatest remaining fields of potential triumph for public health. Similar lack of funds, both public and private, has curtailed the desirable expansion of the services of colored public health nurses, who had been supported jointly by the local governments and the Fund. Wherever these county workers have been appointed the results in improved health and standards of living have been immediate and striking. The work already done has given interest and stimulus to health and welfare programs of many communities.

The very interesting demonstration of an aggressive student health program is continuing as a cooperative effort between the Fund and the group of institutions in Nashville: Fisk, Meharry, and the State College.

ECONOMIC STATUS OF NEGROES

The huge forces involved in the economics of a nation or even in the economic status of a single group of twelve million persons of that nation are, of course, beyond the scope of direct action by any single institution. The Fund, however, has attempted to aid indirectly on these problems which underlie progress in any direction by study of the economic conditions of Negroes through conferences, special investigations, and reports.

A notable conference was held under the auspices of the Fund in May, 1933, in Washington, D. C., as guests of the Department of the Interior. Papers and discussions were presented by economists, both Negro and white, and by government and business leaders. A committee appointed by the conference prepared under the editorship of Charles S. Johnson a report of essential facts in the present situation, which has been published by the Fisk University Press. The following paragraphs by Mr. Johnson give in briefest summary the general economic condition of Negroes as revealed in the conference and the report:

The industrial expansion of the nation over recent decades has obscured certain changes of profound significance within the Negro working population. While the general trend has been in the direction of increased mechanization, concentration and specialization of the industrial processes, there has been an almost revolutionary shift in the traditional basis of livelihood of Negroes from agriculture and domestic service to a new and complicated industrial milieu. In this new situation, with its exacting codes, the Negro workers find themselves without security of status either as a race or a working class. Within the period of this change, as a result of the application of science and technology to production, there has been released from the nation's active labor power a working population more than twice the size of the entire Negro group. In the field of agriculture alone only 21 per cent of the workers are needed now to supply as much food as it required half of the total working population to supply a few decades ago. Just as Negroes are the marginal workers in industry as it advances, they are the marginal workers in agriculture as it declines. The movement to

cities and to industries everywhere observed is not mere restlessness and curiosity: these workers are being forced out and into a new role, and there seems no turning back. There was a certain traditional protection of the Negro farmer in his role which is almost entirely lacking in his newer industrial contacts.

Study of the present relationship of Negroes to the basic industries of the country reveals, in general, the following situation: in mining, they are about seven per cent of the workers, but mining as an industry is seriously disorganized, and, according to authoritative estimates, will require the removal of over 200,000 laborers in the bituminous field alone, before adequate living standards can be restored to the workers. In the food industries, which are the largest, and as a rule the most stable industries during periods of economic stress, Negro workers are not employed to any great extent, except in the slaughtering and meat packing plants. In these latter they have been from nine to thirty per cent of the working force. Their largest concentration under manufacturing and mechanical industries has been in construction, a field which showed four times as many unemployed in 1930 as other divisions. In the skilled crafts, despite a long history, they are 3.1 per cent of the total workers as compared with 9.3 per cent population proportion. They have their largest numbers of skilled workers in the old line trades which are waning in importance. Increases in new fields have been fairly large in their proportions, but not significantly large in actual numbers. In iron and steel industries they retain a proportion of about 12 per cent of the workers. Employment in these fields, however, has fallen off about one half since 1926 and earnings about three fourths. In trade and transportation, there has been a distribution

of small numbers over a wider array of occupations, but with important losses in the number of locomotive firemen and the proportion of chauffeurs.

The volume of Negro women in domestic service has declined both as a result of the decreased number of positions and the new competition of white women, who have recently sought this work. Professional occupations increased 69 per cent over the past decade, due largely to the increase of Negro teachers. Small Negro businesses increased in number but the total volume is still inconsequential for providing profits or employment on any substantial scale. Federal government positions have been less open to Negroes than those in private industry. Aside from the Post Office jobs few Negroes are in government employment, even in the new projects recently designed to provide for the present unemployment emergency. The policy of labor unions, always uncertain and sometimes hostile, has not as yet shown improvement with the new importance of labor in its partnership with government. Agriculture, which still holds about a third of the Negro workers, is considered no longer profitable. In the four southern states with largest Negro populations, Negro farm owners declined 17 per cent and tenants 10 per cent in the last decade. Cotton, the chief Negro crop, is notably affected by over-production. The difficulties of credit and markets inherent in the present social system of tradition are especially acute for Negro farmers, and recent investigations have revealed direct exploitation of colored farmers and gross discriminations in the administration of federal and Red Cross measures to relieve the farmers' plight.

Special studies of unemployment show a more serious impact upon Negro workers than others,

especially in the northern industrial cities. In Philadelphia, for example, Negro unemployment increased from 15.7 in 1929 to 56.0 per cent of employables in 1933, while among white workers the increase was from 9.0 to 39.7. This gross unemployment has had serious reflection in dependency, demoralization, and family disorganization.

It seems clear that in the new industrial alignment, the fate of Negro workers is bound up with that of all workers; that the discriminatory practices, both of labor and of certain employers are, in the end, disruptive to the whole economic structure, and that sound recovery, both for the nation and the Negro, depends in large measure upon the stabilization of industry on a wider margin of economic security for labor generally.

MEDICAL ECONOMICS

In 1932 the Committee on the Costs of Medical Care brought to a conclusion its five-year survey. The Fund has been deeply interested in this comprehensive study of the economic facts in medical service and of the possibilities of finding more effective ways of distributing medical care. The information obtained by this Committee, which was composed of representatives of the professions concerned in medical care and of economists and the lay public, has been disseminated through a series of some forty publications which appeared from time to time throughout the progress of the study, and in two final volumes, "The Costs of Medical Care," summarizing the important facts and findings, and another, "Medical Care for the American People," presenting the Committee's various recommendations for action.

In 1929, according to this Committee's reports, the

estimated costs of medical care to the American people were approximately three and one half billion dollars, or 4 per cent of the national income. Although this is a huge expenditure, it is less than the national payment for cosmetics, sweets, and tobacco. Moreover, this estimate for medical care included more than one half billion dollars paid for patent medicines and the services of "medical quacks," which were of doubtful value if not actually injurious to health. Even in depression periods, the average family spends more for luxuries not requisite to physical and mental health than for the prevention and care of sickness. If medical care were an ordinary economic commodity, to be purchased voluntarily when desired by a consumer, there would be no outcry against physicians', hospitals', or nurses' bills. People would "get what they pay for and pay for what they get."

But medical service is not an ordinary economic commodity. From the point of view of the individual, the cost of medical care is an economic hazard, as unpredictable in time and amount as losses from fire, theft, weather, or death. From the point of view of an entire community, medical care is a social service, which the public interest dictates should be provided to all individuals according to their respective needs, regardless of their respective abilities to pay.

In 1929 for a group of 9,000 representative families studied by the Committee, the average annual family expenditure for medical services was \$108. But the "average" was of no significance to those families whose expenses were quite outside the average because of unusually severe or repeated cases of sickness. In these 9,000 families 40 per cent of the total sickness cost was borne by 10 per cent of the families who had expendi-

tures of \$250 or more. Seventy per cent of the families, incurring expenses of \$60 or less, bore only 18 per cent of the total costs. The unequal distribution of annual charges for medical service occurred in every income class. There was a difference between the poor and the rich in the average size of the bill, but not in the essential unevenness of the load.

The uncertain and unpredictable nature of sickness costs has made it impossible for individual families to budget the costs of medical care as they do payments for food, clothing, shelter, education, tobacco, or amusements. Medical service is a marginal item in most family budgets; it represents a compulsory expense to be paid after the voluntary predictable purchases have been taken care of. This fact explains the well-known attitude of "letting the doctor wait for his money," and the tradition of free services from physicians and hospitals.

During normal times most families are self-supporting for food, clothing, and shelter. Yet in 1930, nearly one third of the patients admitted to hospitals for the care of acute illnesses were treated at the expense of taxpayers, and another 20 per cent of the admissions received free or part-pay services in private non-profit institutions. Half the population relies upon philanthropy or taxation to pay medical and hospital bills when they are suddenly faced with a severe illness.

Most employed persons could be self-supporting with regard to medical care, if they were given opportunity to purchase medical services on a group-payment basis. To the extent that individuals or groups are unable to pay their own medical bills, even by participation in group payment plans, additional amounts will always be required, as now, from philanthropists and taxpayers.

To the extent that individuals or groups are unwilling or careless with respect to participation in plans by which they can insure payment of their medical and hospital bills, it may be in the public interest legally to compel such participation.

A striking revelation of the recent studies was the uneven and often inadequate incomes of physicians. The fact that even in the prosperous year 1929, one-third of the practicing physicians in the United States and more than one-half of the general practitioners had less than \$2,500 a year to live on is evidence of a deep-seated and unsound condition in medical service. The incomes of a minority of the profession—most specialists—sometimes reach generous figures. Equally significant is the finding that of every dollar the practicing physician takes in, 40 cents must go to meet professional expenses. An "overhead" of 40 per cent is a heavy burden for both physicians and patients alike and lends force to the demand that the costs of medical care be not only distributed but reduced, as they can be, by better organization and by lessening the amounts now spent for many appliances, certain laboratory services and medicines which are now furnished at excessive cost or which are used unnecessarily.

With such facts and considerations brought strikingly to public attention by the reports and discussions of the Committee on the Costs of Medical Care, renewed interest is centered in finding better and more economical methods of furnishing medical services to the great bulk of the people who need them, and of feasible means of distributing the costs.

The Julius Rosenwald Fund continues its active interest in bringing about better methods of spreading the costs of medical care, as, for example, through health

insurance, and in reducing the costs and improving the services themselves through better organization in hospitals, pay clinics, and other efficient planning. No single method, either of organization or of payment, is likely to prove a panacea. The Fund is interested in any methods that may prove useful; especially it is concerning itself with inquiries and experiments leading toward the realization of wise and effective plans.

The specific program of the Fund's Division of Medical Services includes (1) a general information service on the economic aspects of medical care and service through which the accumulations of information and suggestions assembled by the Committee on the Costs of Medical Care may be made available to interested groups and individuals throughout the country; (2) studies and appraisals of existing plans and experiments in group practice and group payment with publication of reports; (3) consultant service to professional groups, community agencies, and medical institutions with respect to existing or proposed plans; (4) professional aid in starting or continuing experiments or special demonstrations in the provision and payment for medical service.

GENERAL EDUCATION AND SOCIAL STUDIES

In addition to its special interests in Negro welfare and medical economics, the Fund has continued to contribute to a number of projects and experiments in general education and in the study of general social problems. It has taken an interest in the mental sciences underlying education through gifts to the United States and Canadian National Committees for Mental Hygiene and through special studies of psychology and child groups, and has also aided a few experiments in new

methods of education on both the high school and college level.

As a part of general education, the Fund is cooperating with nine counties in six southern states in the development of a county-wide library service, rural and urban, Negro and white, and is assisting in building up library schools and special movements looking toward making the library a more aggressive tool in adult education and in the maintenance of and interest in ideas and expression.

In social studies the Fund has contributed to a number of agencies for the improvement of government administration: the International City Managers Association, National Municipal League, American Legislators Association, and public agencies in New York and Georgia looking toward the development of adequate public labor exchanges. Fellowships have been awarded for special studies in the mental and social sciences and support has been given to special studies such as the comprehensive survey of unemployment in Philadelphia conducted by Dr. Joseph H. Willets and his associates of the Wharton School of the University of Pennsylvania.

In a field which includes both education and social study are the inquiries into the education of Eastern non-industrial peoples under the domination of Western industrial states.

ORGANIZATION

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EDWIN R. EMBREE Chicago
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GEORGE R. ARTHUR Associate for Negro Welfare
S. L. SMITH Director for Southern Schools
CLARK FOREMAN Director for Studies

FINANCIAL STATEMENT

CAPITAL

The capital assets of the Fund on June 30, 1933, consisted of 126,463 shares of Sears, Roebuck and Company capital stock, and of the house and property at 4901 Ellis Avenue, Chicago, which is used as the central office. In addition to commitments represented in payments due now or in the future on appropriations, the Fund had on June 30, 1933, legal notes payable of \$1,013,392.

RECEIPTS AND DISBURSEMENTS

for the Two-Year Period

Cash Balance, July 1, 1931.....		\$ 25,835
Receipts:		
From Income (cash dividends).....	\$ 440,997	
From Appropriation by Carnegie Corporation for Library Service.....	100,000	
From Capital (sale of stock and borrowings after deducting interest and other charges of fiscal transactions).....	1,451,820	1,992,817
Payments on Appropriations.....		<u>1,938,080</u>
Cash balance, June 30, 1933.....		\$ 80,572

PAYMENTS ON APPROPRIATIONS

Negro Welfare:	1931-32	1932-33
Southern School Program.....	\$ 203,805	\$ 34,527
Aid in building schools and in other special services to rural schools which bring to an end a 20-year program of cooperation in schoolhouse building.		
Higher Education.....	248,582	32,761
Aid to 1 state college, 12 private colleges, and 5 high schools.		
Fellowships.....	116,788	33,074
To make possible advanced study by 188 individuals, chiefly teachers.		

	Brought forward	\$569,175	\$100,362
Health	.....	248,495	40,362
	Contributions to 6 hospitals, to nursing education and nursing service, to health education, to demonstrations in the control of syphilis in six southern states, and to studies of tuberculosis among Negroes.		
Other Activities in Negro Welfare	.....	73,812	23,545
	Y. M. C. A. branches, Commission on Interracial Cooperation, and various efforts in interracial understanding.		
Studies and Demonstrations in Medical Economics	.....	144,471	76,780
	Underwriting of experiments in new types of hospital and clinic organization, consultant services, studies and publications.		
General Education and the Mental Sciences	...	81,537	45,769
	Support of educational experiments in colleges and schools, study of educational procedure and of the mental sciences.		
Social Studies	.....	101,780	75,183
	Study of unemployment and other social and economic problems, fellowships in the social sciences, especially in the South.		
Library Service	.....	116,613	105,105
	Demonstrations of library service on a county-wide basis in 9 counties of 6 southern states, development of school and college libraries and of special extensions of library services. (The full continuation of this program in 1932-33 was made possible by an appropriation of \$100,000 from the Carnegie Corporation.)		
Administration	.....	78,091	57,000
	Maintenance of the central office in Chicago, including remodeling and maintenance of the office property.		
		\$1,413,974	\$524,106

