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Volume Author/Editor: Pierce Williams and Frederick E. Croxton

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Chapter Author: Pierce Williams, Frederick E. Croxton

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INTRODUCTION*

In both its economic and social life the American community has undergone profound transformation during the last two decades. On the economic side is to be noted the disappearance of the individually owned and locally managed business in favor of great corporations with branches in several places, with policy-making headquarters in one place, and owned by an indefinite number of persons. On the social side, among other phenomena, there is the equally significant disappearance of personally administered charity. In its place has developed specialized philanthropic work carried on through voluntary welfare organizations and administered by trained technicians. In nearly 325 American communities a further advance in philanthropic method finds embodiment in the community chest. Without going so far as to merge or consolidate the individual philanthropic service units, as the great national corporation has done with industrial units, the community chest aims to coordinate the forces of the member charitable agencies in the direction of more efficient service for the entire community. The combined appeal for funds which the community chest makes once a year is one way in which it endeavors to coordinate local philanthropic effort.¹

This transformation in community life has created many new problems. The one with which this study by the National Bureau is primarily concerned is the basis of contributions by industrial, financial, mercantile and public service corporations to the organized philanthropic services in local communities, particularly those communities in which philanthropic funds are raised through the medium of community chests.

Disappearance of Purely Local Industries.

The following illustration—a composite of three or four communities with which the writers of this report are familiar—will

¹Another way in which the community chest endeavors to increase the effectiveness of social welfare work is by "budgeting" the income and expenditures of each member organization with relation to its functions and possibilities for service in its special field. One object of budgeting is to eliminate duplication of welfare work and overlapping of activities. The contributions needed to make up the deficits of the member social work organizations (i.e. the difference between estimated revenues from earnings, tax subsidies, interest on endowments, etc. and authorized expenditures) are raised by means of the annual intensively organized "campaign" of the community chest. In some other cities the central organization is called Community Fund, in others Welfare Federation.

*The data as published bear evidence in my opinion of care in collection and candor in presentation, but they bear equal evidence of interpretation and analysis by persons distinctly friendly to the community chest idea and movement. (Note by T. S. Adams)

serve to visualize the particular aspect of corporation and community relationships upon which this study aims to shed light. From this community, the flour mill has disappeared. From this community, the local bake-shop which bought its flour from that mill, has likewise gone. In this average American town of today it would be difficult to find a family which bakes its own bread. The "staff of life"—wrapped in wax paper and bearing some nationally known trade-marked name—is delivered to consumers by way of "chain" stores from an enormous baking plant. This giant bakery serves several communities. It is one of a number of bakeries owned by a great food corporation. The individuals who direct and manage these local factories are not the principal owners, although they may own a few shares of stock. They are salaried employes. The actual owners of the corporation are legion. In fact, any one can become a part owner in this national baking company or in the chain store by telephoning an order to a stock exchange broker. The operation of these plants and stores is no longer directed from the local community, but from a headquarters office in some large city, oftentimes distant from the community in which manufacturing or merchandising is carried on.

Illustrations might be multiplied. Every reader can supply several out of his own observation or experience.

These national corporations touch the life of the local community at many points. As large taxpayers, they have an influence on the local government; as large employers, they affect the economic well-being of the community. The general health of the community may be largely determined by the hygienic conditions existing in local factories where a considerable proportion of the adult members of the community is employed.

The organized philanthropic services of the community are, however, continually aware of these corporation neighbors. A shut-down of the local plant throws heavy burdens upon the family welfare agencies. Sickness, to a certain extent traceable to working conditions in these local branch factories, must be cared for by the local health agencies. The cost of these philanthropic services must be met largely out of voluntary contributions. How much money will be available for charitable and welfare work in the community is to a considerable extent determined by the degree of neighborliness manifested by corporations in their response to appeals for contributions.

Community Chests Expect Corporations to Contribute

The community chest, in its annual appeal for funds, takes it for granted that every person in the community will contribute to the financing of work envisaging the welfare of all. To the community chest, as to the law, the corporations carrying on business in the community are persons. Just as the natural persons in the community are asked to contribute, so these legal persons are asked by community chests to contribute. And, as will be shown in parts two and three of this report, corporations generally respond. The uncertainties in the situation have to do with the *basis* of corporation contributions: What factors shall be taken into consideration by community chests and by corporations in arriving at the amount to be contributed by the latter? What specific amount from a given corporation will be fair not only to the communities in which the corporation does business but to the stockholders of the corporation as well?

The "interests of the stockholders" is a phrase which must be emphasized in speaking of corporation contributions to charity. It suggests the inherent difference in the bases of individual and corporation contributions. From the purely practical point of view of social welfare records, these differences are so fundamental as to justify the separation of corporation contributions from individual contributions which is made for the first time in this report of the National Bureau.

Corporation Contributions Imply Some Advantage to Stockholders

A charitable contribution made by an individual is based on the individual's altruism. He makes that contribution as a partial discharge of the moral responsibility he feels for the welfare of his fellow-man and of the community in which he lives. Such a contribution is a personal gift. A contribution by a corporation, on the other hand, is in essence an impersonal act. It is true that the more one analyzes the basis on which corporation contributions seem to rest, the plainer it appears that the amount of corporation contributions and the types of organizations to which corporations contribute are determined by the personal reactions of directors and executives. In other words, while the corporation itself functions in an impersonal way, the direction and intensity of its corporate actions are determined by the personal experience, motives and background of the individuals who are its officers and directors, and by the attitudes of the communities in which they operate.

When the directors of a corporation authorize a charitable contribution, they do not make it in behalf of the individual stockholders. The corporation's contribution is not intended in any way to discharge the individual personal responsibility of stockholders toward their fellow-man in the communities in which they live. A charitable contribution by a corporation is made in behalf of a distinct and separate legal entity, the corporation, and in expectation of some benefit to the stockholders.

While a relatively few corporation executives and directors still question the propriety of contributions from the treasury of the company to charitable organizations, it seems to be generally accepted in corporation circles that in the absence of specific law to the contrary it is within the discretion of directors to expend the stockholders' money in the form of charitable contributions, if those contributions are reasonable in amount and if, in the opinion of the directors, the interests of the stockholders will be promoted by such contributions.

This opinion on the part of most corporation directors as to their right to exercise their own discretion in respect to charitable contributions exists, despite the ruling of the United States Bureau of Internal Revenue that, except in special cases and conditions, corporations may not deduct the amount of their charitable contributions as necessary business expenses in arriving at the net amount of income on which tax is to be paid. As is well known, an individual may deduct his charitable donations up to 15 per cent of his net taxable income, in making up his Federal Income Tax return.²

Uncertainty as to Basis for Determining Corporation Contributions

That uncertainties exist as to the basis upon which community chests may justifiably expect corporation contributions and as to the grounds on which corporations may justifiably make them, was pointed out by community welfare leaders and corporation executives to the National Bureau when it was requested to make this study.

In some cities, according to the Association of Community Chests and Councils, it was more difficult to get favorable action on a request for a contribution when the decision had to be made by

²It seems to be now established that corporations may deduct charitable contributions when "reasonably incidental to the carrying on of the company's benefit." (Note by T. S. Adams)

corporation officials located in some other city than when the decision was made by local officials. The steady spread of "centrally-officed," widely owned corporations, at the expense of the locally owned and managed corporations, increased the concern felt by the community chests that existing corporation support might be diminished, through local corporations being absorbed in nationally owned and operated concerns.

The community chests also reported differences in practice which seemed to reflect basically different policies and attitudes towards the financial support of voluntary community welfare organizations on the part of corporations in different lines of business. In the railroad and telegraph industries, for example, corporations apparently did not contribute to community welfare organizations in the cities through which they passed or in which they did business. In other industries corporations appeared to differentiate in their contributions between community welfare organizations in cities where they had manufacturing plants and relatively large numbers of employes, and cities in which they merely sold their product through a small sales or warehouse staff. In still other lines, notably retail merchandising by the chain store system, corporations seemed to have the policy of contributing in all cities in which they had retail stores, but apparently without any known established scale of giving upon which, with any assurance, the community chest could count.

Corporations appeared to be equally at sea as to the factors to be taken into consideration and the relative weight to be accorded them, in deciding how much to contribute to community chests in different cities. Some corporation officials stated that the great variety of charitable organizations participating in the average community chest complicated the problem. For example, there were certain types of charitable organizations to which a corporation did not ordinarily contribute when the appeal was made by the organization itself. Such a charitable institution did in fact share in contributions from that corporation when the charity was included in a community chest.

Community Chest Program Involves Foresight

The problems with respect to corporation contributions to which the community chests have called attention are emphasized by the fact that community chests, perhaps more than individual welfare organizations, attempt to work on the basis of a consciously

formulated and definitely planned program, both of service and finance.

Twentieth century philanthropic work in the United States is increasingly characterized by foresight. Every well managed voluntary welfare agency endeavors to foresee the size and nature of the specialized task falling to it as a member of the team of voluntary welfare organizations responsible for promoting the community welfare.

The community chest is the outstanding exponent of the new principle of city-planning applied to social work. Whereas the single welfare agency can only plan its services and its finances in terms of its own activities in a limited field, the community chest tries to plan in terms of a coordinated social service program by all of its member organizations for the entire community. To most people, "community chest" signifies one annual, consolidated appeal for contributions in place of a large number of separate appeals. The real essence of the community chest, however is in its assumption that no person in the community is exempt from contributing to the support of organized activities aiming at the welfare of the community as a whole. Hence its careful, systematic canvass, by means of volunteer "teams" of every potential contributor in the community.

In turn, the assumption on the part of community chests that every person in the community should contribute rests upon a recognition of responsibility on the part of those who direct and administer the member welfare agencies to present a prospective program of welfare services which will justify the amount of money the community chest asks the community to give. The "budget" submitted by the community chest is necessarily based upon foresighted estimates of how much each welfare agency will require during the ensuing year in order to carry on its particular program of service.

The income-producing efforts of the community chest are likewise based on foresight. The present day intensively organized campaign for charitable contributions, as distinguished from the old plan of waiting for donations to come from the friends of the organization, is based upon a careful, systematic study of the giving possibilities of the community. The annual campaign of the community chest is, in fact, a yearly testing of the community "giving habit." Community chests then have a real stake in know-

ing the extent to which present corporation contributions are rooted in corporation policy.

Community Chests Relatively New

Moreover, the relatively brief period during which community chests have been in existence (only 14 of the 129 covered by this study have functioned continuously for ten years or more) makes it imperative for them to have the most dependable information available as to the basis of present corporation contributions.

Community chests, it must be remembered, are a post-war American development. They are the immediate outgrowth of the War Chests, which came into operation for purposes of charitable money-raising in hundreds of American communities during 1918. However, the community chests also owe much to forces that were in operation before the entrance of the United States into the world war. The "Federations of Charity and Philanthropy" which functioned with greater or less success in a dozen or so American cities during the years 1912 to 1916 contained the germ of the present-day community chest plan, in the opinion of many thoughtful students of American philanthropy. The outstanding federation (that of Cleveland, Ohio) aimed at a coordinated program of community social service. Budget study and educational publicity were the means to this end. In other cities federations appear to have placed more emphasis on the elimination of competing appeals for funds. As will be brought out in Part I, these pre-war federations (excepting the Council of Social Agencies in Cincinnati) do not appear to have succeeded in getting any considerable measure of contributions from corporations. In the opinion of the writers of this report, the reason is that notwithstanding their apparent similarity to community chests, the federations lacked two things necessary to corporation support, viz., the essential content of a universal community appeal and an effective money-raising technique. By the time the federations had strengthened their appeal and their technique, the center of the local stage was held exclusively by the great war service appeals.

Corporations Contributed to War Funds

To these national war service funds of 1917 and 1918 as well as to the local war chests, corporations contributed generously. Unlike the pre-war federations, however, the war service appeals had not only an appeal to the entire community, but they had a

tested money-raising technique. This was the intensively organized campaign, brief in duration, with a fixed sum as its goal, and with leading industrialists, financiers and merchants as its leaders and volunteer team members. That technique was developed by the Young Men's Christian Association in connection with its building fund campaigns during the ten years preceding the outbreak of the world war. The national Y.M.C.A. utilized this technique to raise its war funds during 1917 and 1918. So did the Red Cross. So did the United War Work Campaign of November, 1918. So did the war chests. The community chests found this technique ready to hand when they launched their first peace-time appeals in 1919. All of the 322 community chests now in operation utilize that money-raising method. The importance of this technique in building up corporation contributions to community chests, as shown in Parts II and III, cannot be too greatly stressed. The natural effect of the repeated use of this special charitable money-raising method has been to emphasize the fact that the corporation is a member of the community, with duties to the community as well as rights in it.

Community Chests Do Not Include All Local Charities

Community chests include in their membership only organizations carrying on the particular type of charitable work known as social work. In many cities they do not even include all of the local organizations operating in this restricted field. In other words, this study of corporation contributions to community chests does not cover the entire field of charitable work in the cities listed but only one limited section of it. In its widest legal meaning, the word "charitable" includes any organization carried on with no object of profit, for the benefit of an indefinite number of persons. Thus almost any non-profit organization, whether its purposes be religious, educational, artistic, civic, social welfare, sport or even trade promotion, is charitable in the legal meaning. The charitable organizations ordinarily included in community chests, however, constitute a fairly homogeneous group. They are the organizations which carry on activities in behalf of individuals or groups, on a non-sectarian or undenominational basis, which aim to promote the welfare of the community by improving the moral, economic or physical status of individuals, and which depend for their financial support, either wholly or in part, on donations and voluntary contributions. The following are the types of charitable organizations participating in community chests and therefore coming within the

scope of this study: Organizations giving charitable aid and relief to the poor, the sick or the otherwise dependent; those caring for the sick or endeavoring to prevent sickness; those caring for children, either needy or delinquent; organizations whose stated purpose is the building of character through the right use of leisure time, (i.e., Y.M.C.A., Y.W.C.A., Y.M.H.A., etc.); other "leisure time" organizations such as social settlements, community centres, Boy Scouts, Girl Scouts, etc. A complete list of the various types of charitable organizations which share in corporation contributions to community chests will be found in Appendix A.

Organizations not participating in community chests and therefore not covered by this study are churches³, colleges and universities, public libraries, art museums, civic orchestras, and trade promotion bodies. Only in exceptional cases are fraternal organizations included in community chests and then only when they carry on a charitable work outside their own membership, for the benefit of the community as a whole. On the other hand, where general charitable work, of a community-wide nature, is carried on under denominational or sectarian auspices, it is often included in the local community chest. Corporations, like individuals, are called upon to contribute to these other kinds of charitable work. It should be clearly understood that this study does not touch this aspect of the corporation's problem.

Study Based Chiefly on Community Chest Data

This report is based chiefly on data submitted to the National Bureau by 129 community chests. The 129 cities in which these community chests operate are listed on pages 25 and 26. Chart 1, on page 24 shows their geographical distribution. The representative character of these 129 cities as to population is attested by the fact that 11 of them have over 500,000 population; 20 have between 200,000 and 500,000 population; 31 have between 100,000 and 200,000; 31 between 50,000 and 100,000; and 36 less than 50,000 population. The period covered by the study varies with the different community chests. Thirteen reports cover the ten years 1920-1929, inclusive; 5 cover only the year 1929. One hundred and eleven reports cover from 2 to 9 years. The reason for this is that the community chest movement is still a developing one. Each year, since 1919, has seen the adoption of the chest plan in several cities that

³Other than the Salvation Army which considers itself a church.

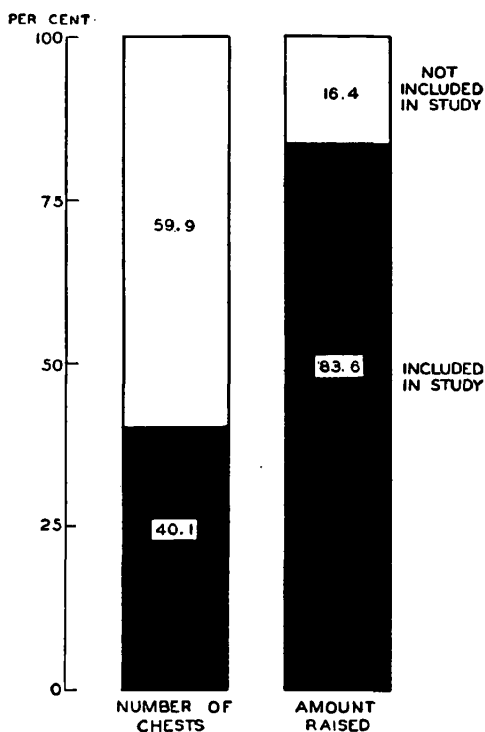
CORPORATION CONTRIBUTIONS

up to then had relied upon the plan of competitive money-raising for financing their local philanthropic work.

It should be emphasized, however that the proportion of organized American community welfare activities covered by this study is much greater than is apparent in the statement that only 129 community chests out of 322 are included. Each of these 129 community chests is itself an association of welfare and charitable organizations. In Cleveland, for example, 120 separate organizations participate in the Community Fund; in Philadelphia, 133; in Detroit, 80. The total number of separate welfare organizations

CHART 2

Number of Community Chests Included in This Study, In Relation to Number of Community Chests in the United States, and Total Amount Raised by Community Chests Included in This Study, In Relation to Total Amount Raised By All Community Chests in the United States, 1929.



sharing pro-rata in the total corporation contributions to 129 community chests is 3,530. While it is true that the number of community chests that failed to submit data as to corporation contributions is as large as the number covered by this study, the absentees are almost wholly the community chests in smaller places. Out of 70 community chests now operating in cities of 100,000 population and over, only 7 failed to submit data to the National Bureau. Chart 2 shows graphically the proportions, respectively, of number of community chests and total amounts of money raised by community chests, which this study covers. From this it may be seen that while the National Bureau's analysis includes slightly more than 40 per cent of the community chests in the United States, it covers nearly 84 per cent of the money raised by all community chests in the country during 1929.

Relative Difficulty of Getting Data in Non-Chest Cities

The foregoing discussion explains why the National Bureau has approached this study chiefly from the point of view of corporation contributions to community chests. This does not signify that the problem of corporation support of philanthropic work is peculiar to cities in which funds are raised by the community chest plan. Of course that problem exists, regardless of the method relied upon for securing contributions. For many reasons it would be significant to know the extent of corporation contributions in cities that do not have community chests. The amount of money raised by philanthropic organizations not participating in community chests is considerable. Twenty-three cities with more than 75,000 population did not have community chests on January 1, 1930. New York, Chicago and Boston are in this group.⁴

However, only by confining the study to the community chests could it be kept within the limits of the money and time available. The impracticability of the more inclusive study that would embrace the twenty-three largest non-community chest cities is apparent when we consider the various factors involved in getting a picture of corporation contributions in them.

In the twenty-three non-community chest cities just mentioned the total number of individual philanthropic organizations whose records would require individual examination would approach 3,500.

⁴The others are Jersey City, San Antonio, Camden, Cambridge, Elizabeth, Evansville, Fall River, Lawrence, Manchester (N.H.), Trenton, Paterson, Somerville (Mass.), Waterbury, Wilmington, Savannah, Yonkers, Gary, Portland (Me.), Bayonne, Charlotte.

In order to get a picture of corporation contributions to the 3,530 charitable organizations participating in the 129 community chests studied it was necessary to take off data from only 129 chest records. Under the circumstances, the National Bureau has been obliged to concentrate its efforts on those community chests from which reliable data could quickly and at least possible cost, be obtained. However, for purposes of comparison, and in recognition of the wider extent of the problem of corporation contributions to organized community welfare services, some data relating to organizations raising funds independently of community chests are presented in Part IV. Some of the more important organizations carrying on philanthropic work in New York, Chicago and Boston have been studied. It is believed these constitute representative samples in these cities. Selected welfare organizations in community chest cities, but not participating in the local chest, have likewise been studied. Funds for erecting and equipping buildings for voluntary welfare work (Y.M.C.A., Y.W.C.A., hospitals, etc.) are not raised by community chests, even when the organization receives its current support from the chest, but independently. In Part IV will be found data relating to corporation contributions to building funds for welfare purposes.

American Red Cross Disaster Appeals

In addition to local welfare organizations, there is a considerable number of national social work organizations. One of the most important of these is the American Red Cross. As is well known, this national organization is charged with responsibility for raising the funds needed for emergency relief when disasters occur. While the funds are collected by local Red Cross chapters, the general appeal is under the supervision of the National Red Cross, and funds when collected, are turned over to it.

Data as to corporation contributions to Red Cross appeals for the Japanese earthquake (September, 1923), the Mississippi River Flood (May, 1927) and the West Indies and Florida Hurricane (September, 1928) are also presented in Part IV.

Nature of Original Data

A word should be said as to the nature of the original data, the sources from which they were taken, and the method of handling them for inclusion in this report. In the first place, no corporation contribution to a community chest which did not amount to at least

\$25 in some one year has been included. It has been assumed that in a city where contributions are solicited through the community chest in behalf of a number of welfare organizations, there would be few corporations contributing less than \$25. Furthermore, the inclusion of many thousands of very small gifts would have unduly complicated the problem of preparing the data for analysis and would have added little if any practical value to the study.

As to non-community chest appeals (Part IV) it has seemed reasonable to include all contributions of \$5 and over from corporations. Examination of lists showed many contributions of less than \$25. Moreover, it might reasonably be assumed, in the absence of definite information, that in a non-community chest city, a corporation contributing at all, contributed to several charities. Thus the difference in minimums makes for comparability rather than otherwise. In comparing corporation contributions to community chests with those to welfare agencies not raising their funds through a chest, this difference in the minimum contribution included should be kept in mind.

Only Incorporated Business Concerns Included

Since this is a study of corporation contributions, it is essential to its validity that only contributions from incorporated business concerns be included.

As is well known, there are thousands of firms operating under the name "company" which are not actually incorporated. Many partnerships have the word "company" in their official name. As schedules from community chests were received and examined⁵ it was found that few of them had made this necessary distinction between companies actually incorporated and companies not incorporated. For this reason, it was necessary for the National Bureau carefully to edit the schedules received in order to eliminate from them any contributions found to be made by concerns not in fact operating under a charter of incorporation. The lists from the 129 community chests were carefully checked against city and industrial directories and state lists of corporations where those existed. Doubtful cases were referred back to community chest executives for more precise information. In many cases inquiry was made in the office of the Secretary of State. As a result of this thoroughgoing editing and checking, it can be confidently stated that only contributions from

⁵The schedule used by the community chests in supplying the information of corporation contributions is shown herewith.

CORPORATION CONTRIBUTIONS

incorporated businesses have been counted in this study. Where it was impossible to get satisfactory information as to the corporate character of a business from which a contribution was received, the contribution was eliminated. This work of verification was made more difficult by the fact that many incorporated concerns reported as contributing during the earlier years have since gone out of business.

NATIONAL BUREAU OF ECONOMIC RESEARCH, Inc.

SUMMARY SCHEDULE

Summary sheet showing total contributions received from corporations for various years and total amounts from *all* contributions.

(To be filled in after detailed figures are filled in on accompanying schedules.)

City.....Name of Charitable organization.....

Name of Executive.....Address of Organization.....

Fiscal year of this organization ends:.....(Month and Day)

Year	Total amount subscribed *	Total amount of contributions from corporations †	
1929			
1928			
1927			
1926			
1925			
1924			
1923			
1922			
1921			
1920			
1919			

* Individual donations, as well as corporation contributions.

† Total of yearly columns of accompanying sheets.

INTRODUCTION

NATIONAL BUREAU OF ECONOMIC RESEARCH, Inc. New York, N. Y.

CONTRIBUTIONS FROM CORPORATIONS

CITY..... SHEET No.....

Name of corporation making contribution	Head- quarters office	Kind of business carried on locally	AMOUNT OF CONTRIBUTION FOR						
			1929	1928	1927	1926	1925	1924	1923
Total of this sheet									

Contributing Corporations Classified According to Industry

Inasmuch as the report aims to show how much of total corporation contributions came in different years from leading industries, it was necessary to make a careful check to be sure that the business of each contributing corporation was correctly stated on the schedule. The classification used in this study follows that used by the United States Bureau of Internal Revenue in its income tax statistics. The classification used is shown in Appendix C.

There are many incorporated institutions not operating for profit. Business corporations only are included in this study. In a number of cities covered by the study, contributions were shown on the community chest schedules from incorporated charitable foundations, fraternal bodies, boards of trade, and similar commercial and professional associations organized on a non-profit basis. Such contributions when reported have been excluded.

Since the original schedules were filled out by community chests themselves, no check could be made by the National Bureau as to the correctness of the amounts reported as received from any corporation in a given city. The schedules were, however, carefully prepared from the records of the community chests under the direction of community chest executives. In the better organized community chests a convenient, accurate, and easily accessible record exists of all contributions from the beginning of the community chest. The basic record of the community chest as to contributions is the pledge card. This is a card signed by the subscriber, and showing the amount pledged. Many community chests use the back of this signed pledge card as a ledger card in their bookkeeping system. In addition, many community chests keep what they call a "master" card record of all contributions of \$5 and over. For each contributor, whether individual or corporation, there is such a master card. Following the annual campaign for funds the amount pledged for the ensuing year is noted on the master card. Thus the card constitutes a continuing record of all contributions made to the community chest by that subscriber. In most cases the lists of corporation contributors have been prepared by community chests from these master cards.

It should be kept in mind, therefore, that the contribution records from which the National Bureau's data have been prepared are records, not of actual payments by corporations, but of subscriptions. In a few cases, doubtless, pledges made by corporations were not paid. In a well established and efficiently managed com-

munity chest (so the National Bureau is informed) the unpaid pledges do not exceed 5 per cent, and the loss through non-payment of corporation contributions is exceedingly small. It has seemed safe, therefore, to ignore the possible factor of error due to inclusion of a few small corporation contributions not actually paid.

The importance of differentiating between "close" corporations and those whose stock is widely distributed, —between what might be called "privately owned" and "publicly owned" corporations, may be urged by some readers. There is ground for this contention. Many corporations, and indeed, some very large and important concerns, are owned by a few people. While in fact corporations, they partake more of the nature of partnerships. Frequently the owners are the actual managers of the business, drawing the greater part of their income from the distributed profits of the corporation. In such cases, a contribution by the corporation is, for all practical purposes, a joint contribution from the several individuals who own the corporation. Information received from community chests confirms the impression that among the nearly 34,000 corporation contributions reported by 129 community chest for 1929, are some that were in lieu of contributions by the individuals owning the concern. It has happened perhaps that such a corporation had come to be so intimately identified with the life of the community that the owners preferred to have it appear in the list of contributors to the community chests rather than themselves. It may be contended that the inclusion of such contributions in this study gives a distorted picture of the actual situation. The only answer is that there is no practical way of distinguishing between closely owned and widely owned corporations. Even if every one of the 34,000 corporation contributions could be looked into, it would still in many instances be a matter of opinion, which ones should be included and which should not. On the other hand there is a perfectly clear-cut division between businesses that are incorporated and businesses that are not incorporated. This study includes only contributions from incorporated businesses, without regard to the number of stockholders or, whether or not they all live in the community from which the corporation contribution was reported.

Nationally Operating Corporations and Community Chests

One further point should be noted. One of the chief concerns of the community chests, as already pointed out, is to get ade-

quate contributions from corporations that have their headquarters in some other city than the one in which the contribution is asked for. While the vast majority of the 34,000 contributions reported by 129 community chests came from corporations with plants, stores, or offices in only one chest city, there is a considerable proportion of the total number credited to a relatively small number of national corporations carrying on business operations in several community chest cities. Chain stores are not the only examples of this kind of corporation. Railroads are in this category; so, too, are telegraph and telephone companies. In this study an attempt has been made to focus attention on this aspect of the problem. The method employed was the following: From the publications of Moody's Investor's Service and Standard Statistics Company the names of approximately 5,000 of the larger corporations in the United States were transferred to cards. These are the corporations whose securities are dealt in on the New York and other stock exchanges or concerning whose operations regular reports are available. When completed, this card record comprised all of the railroads, practically all important insurance companies, most of the public utilities, the leading chain store corporations, and several hundred nationally known manufacturing and mining corporations. These cards were handled as ledger cards and whenever a contribution from one of these nationally known corporations was found on a community chest schedule, the contribution was posted on the card. This process resulted in special data showing the extent to which certain nationally known corporations were contributing to several community chests. The results of the analysis of those cards will be discussed in Part III.

The lists of corporation contributions to community chests were supplied by them to the National Bureau under a pledge of secrecy. They have been seen only by those few members of the staff who actually had to do with the necessary editing and checking. Nowhere in this report is the name of any corporation contributing to a community chest disclosed. It is hoped that the data as to national corporations presented in Part III will shed some light on the question of the relationship of great publicly owned corporations to the many communities in which they carry on business operations.

Importance of Keeping Continuous Records of Corporation Contributions to Community Chests

As stated earlier in the Introduction, this is the first time that corporation contributions to American charity have been segregated

for statistical purposes from individual contributions. The reason for such separation is clear from what has been said earlier. This report, by giving an accurate picture of corporation contributions to 129 community chests, establishes a base-line from which the future progress of community chests in respect to corporation contributions can be measured. For such measurement to be accurate, however, the community chests themselves should keep their own records in such form as to enable them easily to take off totals of corporation contributions classified by chief industries, for each year following 1929. It goes without saying that they should make sure that only incorporated business concerns are included in such a continuing analysis. The necessity for eliminating from this report many contributions reported by community chests as coming from corporations, but found by the National Bureau not to be incorporated, gives additional emphasis to this recommendation. There is a mine of valuable economic and social data in the records of charitable and welfare organizations. Through the community chests, these data are being made more easily accessible. Data as to corporation contributions are of such special value, that it is hoped the community chests will do all in their power to keep them easily accessible.

It will be evident from the foregoing that this study will not answer the question: How much do corporations contribute to charity in the United States? No dependable figures exist as to the amount of money contributed throughout the country for philanthropic work. From time to time estimates of the total amount contributed to philanthropy are given publicly, but in the present state of charitable and welfare statistical recording, these figures are little better than guesses. In order to get a comprehensive picture of philanthropic finance in the United States it would be necessary to make what would in effect be a census. This would involve getting data as to receipts and expenditures from thousands of charitable organizations all over the country. Even if the study were made on the basis of a sample, it would be an exceedingly costly undertaking, because of the great variety of charitable institutions involved. Moreover, it would be necessary carefully to separate bequests and endowment gifts from receipts used up in current expenses. In 1927 the National Bureau made a comprehensive study in New Haven, Conn.⁶ This study showed the growth in the amounts received by charitable and philanthropic organizations in that city from 1900 to 1925.

⁶Trends in Philanthropy, by Willford I. King.

Questions This Report Aims to Answer

Among other questions this report aims to answer the following:

1. Of the total amount received in donations and contributions by community chests in the United States for 1929, how much was contributed by corporations as distinct from individuals?

2. Has the total amount contributed by corporations to community chests increased or decreased (relatively and actually) during the ten years that span the lifetime of the community chest movement to date?

3. Did more or fewer corporations contribute to community chests in 1929 than during the earlier years of the decade during which these post-war social institutions have existed?

4. Of the total amount contributed by corporations to community chests during the years 1920-1929, how much in each year came from each of the country's chief industries?

In the present state of the data available, no far reaching conclusions should be expected from this first report on corporation contributions to community chests. The analysis of the differences in the amounts contributed by corporations in different industries is made difficult by the continuous change in the community chest movement itself. Although only twenty-three American cities with more than 75,000 inhabitants do not have community chests, every year sees a spread of the idea among smaller cities. As pointed out earlier, only fourteen of the 129 chests studied have been in continuous operation for ten years.⁷

Definite answers to questions as to the grounds on which 34,000 corporation contributions were made to community chests for 1929 or as to the adequacy of those corporation contributions cannot be given at this time. Community chests depend upon *voluntary* contributions. This signifies that moral considerations enter into the decision by the corporation directors as to the amount the corporation will contribute. The considerations which have influence with corporation boards of directors are probably as imponderable as they are with individuals faced with making a similar decision. Were the problem more profoundly studied, it would probably be found that the factor of greatest influence in determining corporation contributions to charity is the "personality" of the corporation.

⁷The Cleveland Community Fund was in operation in 1920, although data were only submitted beginning with 1925.

In conclusion, the National Bureau's Directors hope this report will do two things:

- A. Provide those immediately concerned (i. e., corporation directors and community welfare administrators) with data on which they can work out a more satisfactory basis for corporation support;
- B. Focus public attention upon one aspect of the larger problem of relationships between corporations and local communities.