

Goals Reached, Donor on Right Closes Up Shop

By JASON DePARLE, *The New York Times*
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WASHINGTON, May 28 - Without it, the Federalist Society might not exist, nor its network of 35,000 conservative lawyers. Economic analysis might hold less sway in American courts. The premier idea factories of the right, from the Hoover Institution to the Heritage Foundation, would have lost millions of dollars in core support. And some classics of the conservative canon would have lost their financier, including Allan Bloom's lament of academic decline and Charles Murray's attacks on welfare.

Part Medici, part venture capitalist, the John M. Olin Foundation has spent three decades financing the intellectual rise of the right and exciting the envy of the left. Now the foundation is closing its doors. In telling the organization to spend his money within a generation, John M. Olin, a Midwestern ammunition and chemical magnate, sought to maximize his fortune's influence and keep it from falling into hostile - that is, liberal - hands.

In the budget offices of the right, the loss of Olin, though long anticipated, is bringing a stab of anxiety, as total annual giving of up to \$20 million disappears from policy organizations, journals and academic aeries. Yet it is a measure of the foundation's success that the anxiety has not been greater. While a generation ago just three or four major foundations operated on the right, today's conservatism has no shortage of institutions, donors or brio.

At a recent farewell dinner in New York that drew a crowd of prominent thinkers and doers, James Piereson, the longtime director of Olin, recounted the 1970's threats that the foundation set out to address: economic decline, urban disorder and Soviet expansionism. By contrast, Mr. Piereson said, critics now say "the United States is too powerful" and its people "too proud."

"This," Mr. Piereson added wryly, "is an exchange that John Olin would have gladly accepted."

Feeling outmatched in the war of ideas, liberal groups have spent years studying conservative

foundations the way Pepsi studies Coke, searching for trade secrets. They say that Olin and its allies have pushed an agenda that spread wealth at the top and insecurity below, and that left market excesses unchecked - and that they have done so with estimable skill.

"The right has done a marvelous job," said Rob Stein, a former official in the Clinton administration who has formed an organization, the Democracy Alliance, to develop rival machinery on the left. "They are strategic, coordinated, disciplined and well financed. And they're well within their rights in a democracy to have done what they've done."

Mr. Piereson says that one Olin secret is plain to see: its interest in abstract ideas, removed from day-to-day politics. With conservatives in power, he worries that foundations and donors will focus too heavily on "public policy sorts of things," like school choice or anti-tax campaigns; by contrast, Mr. Piereson spent millions on the Olin Center for Inquiry Into the Theory and Practice of Democracy at the University of Chicago, where a typical conference examined the legacy of Rousseau.

As a result, Mr. Piereson is spending his last months in office promoting a route to political influence - intellectual armament - as unlikely as it has been effective. "The ideas have to be tended to," Mr. Piereson said. "Only after that can you tend to the policies."

John M. Olin knew the value of ammunition. In 1892, the year he was born, his father started a mining explosives company in East Alton, Ill., that soon began making bullets. Together, they built a manufacturing behemoth that sold 15 billion rounds during World War II and went on to make cellophane, metals, rocket fuel, paper, pharmaceuticals and sporting goods. An avid sportsman, Mr. Olin bred horses, hunted and fished; according to a biography to be published by Encounter this fall, "A Gift of Freedom: How the John M. Olin Foundation Changed America" by John J. Miller, he sent boxes of salmon to a favorite politician, Richard M. Nixon.

In 1969 when armed students took over a building at his alma mater, Cornell University, Mr. Olin was shaken. Four years later, past his 80th birthday, he began pouring time and money into the small foundation he created 20 years earlier, saying he wanted to preserve the free enterprise system that had made his own wealth possible.

Mr. Olin and his wife, Evelyn, gave the foundation about \$145 million; riding two bull markets since his death in 1982, it has given out about \$380 million. About \$6 million is left and will be awarded before the doors of its office in New York close in November.

With William E. Simon, a former Treasury secretary, as its first president, the foundation

quickly focused on intellectual elites. "The basic instincts of the American people were conservative, but the intellectuals are moving in an opposite direction," said Mr. Piereson, who joined the foundation in 1981 and became its director four years later. "Our job was to show the American people why they were right."

Over time, Olin gave more than \$9 million each to the Heritage Foundation and the American Enterprise Institute, Washington institutions that fight for causes like lower taxes and less government regulation. Yet it also financed more esoteric pursuits like *The New Criterion*, a literary journal where typical fare is a long attack on the Modern Language Association, a society of English professors.

"We weren't just trying to defend capitalism," Mr. Piereson said, but to defend a broader free society "along lines that included religion, history, literature and the arts."

Mr. Piereson said he had few specific expectations when he helped a little-known political theorist, Allan Bloom, create the democracy center in Chicago. But after a few years of high-brow seminars, Mr. Bloom wrote "The Closing of the American Mind," which topped best-seller lists in 1987 and inspired the continuing assault on campus liberalism.

The foundation's staff was similarly surprised when a \$25,000 grant to an obscure social scientist, Charles Murray, helped revolutionize the welfare debate. Conservatives had long attacked poor people as abusing welfare programs. Mr. Murray's 1984 book, "Losing Ground," attacked the programs as abusing the poor by diverting them from work and marriage. By equating cutting with caring, Mr. Murray helped conservatives lay claim to the mantle of compassion as they pushed tough new welfare laws.

Much of Olin's giving has centered on law schools, reflecting Mr. Piereson's belief that they disproportionately shape public life. A \$20,000 grant in 1982 helped law students organize a conference, and one of the most influential legal groups of the 20th century emerged, the Federalist Society.

The society now has chapters at almost every law school, and a swarm of alumni in the Bush administration dedicated to what the group calls limited government and judicial restraint. "It's not clear whether we would have existed without Olin's support," said Eugene Meyer, the society's president.

Even more influential has been Olin's support of the law and economics movement, which has transformed legal thinking. Its supporters say that economic tools, like cost-benefit analysis,

bring rationality to the law, while critics warn that the focus on economics can cheat notions like fairness that defy quantification.

Olin has spent \$68 million on law and economics programs, including those at Harvard, Yale, Stanford and the University of Chicago. "I saw it as a way into the law schools - I probably shouldn't confess that," Mr. Piereson said. "Economic analysis tends to have conservatizing effects."

The foundation has had its disappointments. Olin spent more than \$500,000 each at Duke and the University of Pennsylvania for programs in law and economics that it discontinued, saying they had failed to have a sufficient impact. And not every donation has gone toward erudition.

A \$5,000 grant helped the journalist David Brock write his 1993 book, "The Real Anita Hill," in which he elaborated on his incendiary charges that impugned the character of Ms. Hill, the critic of Justice Clarence Thomas. Breaking with the right, Mr. Brock later apologized.

Yet even Olin's ideological critics envy the foundation's record. "Their grant-making strategy has been much more intelligent and effective than what we typically see on the left," said Jeff Krehely of the National Committee for Responsive Philanthropy, a liberal group that monitors charitable spending.

One of Olin's distinctive qualities is its steadfastness; it has financed favored groups like the Federalist Society for more than 20 years. "They don't follow fads," Mr. Krehely said. "It shows they have clear goals."

Other major conservative donors include the Sarah Scaife Foundation in Pittsburgh, the Smith Richardson Foundation in Westport, Conn., and the Lynde and Harry Bradley Foundation in Milwaukee. Comparing them with an equal number of liberal foundations, including Ford and MacArthur, Mr. Piereson found that the right spent \$100 million a year to the left's \$1.2 billion. "You don't have to have a lot of money to drive the intellectual debate," Mr. Piereson said.

Although Olin is bowing out, the conservative movement is growing. There are conservative policy research organizations operating in 42 states; grass-roots organizers working on issues like tort reform and tax relief; and groups monitoring liberal journalists, professors, politicians and clerics.

"The great achievements of conservative philanthropy are just beginning," said Adam Meyerson, president of the Philanthropy Roundtable, a Washington group (and Olin grant recipient) that advises conservative donors.

Yet no group is poised to fill Olin's niche as a benefactor of big ideas. Hoping to encourage one, Mr. Meyerson organized the dinner in New York to celebrate Olin's achievements, prompting coverage in National Review, The New York Sun and The New York Observer. In the last year, Mr. Piereson has published essays in The Wall Street Journal and Commentary magazine, summoning donors to the "battle of ideas."

But ideas can be a tough sell. "It can take 20 years to have a serious impact," Mr. Meyerson said, and many donors want quicker success.

As for ideas, Mr. Piereson has a new one. He is hoping to start an initiative to counter liberal influence in academia. Liberal academics "don't like American capitalism, American culture, and they don't like American history - they see it as a history of oppression," he said. "There are some people who are prepared to spend large sums of money to address this problem."