

Building Administrative Capacity in the National Government: The Role of Rockefeller-Funded Initiatives, 1910–1930

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Abstract

During the 1910s and 1920s, corporate elites and their Republican allies emerged as the leading proponents of central power and national authority in debates about the institutional structure of the federal government. This project traces the progress of their agenda and shows how it was foiled by defenders of local control and white supremacy. The primary focus is on policy debates about three general topics: budget reform, executive reorganization, and anti-lynching. On each of these topics, elite reformers sought to build central power and national authority. In each case, they faced opposition from political leaders from the South and West. Rockefeller-funded initiatives—and, indeed, John D. Rockefeller, Jr., himself—played a key role in the elite reform efforts of the 1910s and 1920s. The report that follows presents evidence drawn from records held at the Rockefeller Archive Center.

Building Administrative Capacity in the National Government: The Role of Rockefeller-Funded Initiatives, 1910–1930

During the first decade of the twentieth century, as the United States faced a series of social and economic crises, a group of policymakers and policy advocates began to perceive that the incapacity of the national government was itself the underlying problem in American life. The solution, they believed, was to build central power and national authority in American government, so that the national government would have the capacity to solve national problems. They sought to build a movement to establish a politically neutral civil service, to establish an effective and efficient national administration, and to ensure equal protection under law at the national level. This project traces the progress of their efforts during the first third of the twentieth century and shows how they were ultimately foiled by opponents who preferred to preserve the old system of local control over public administration.

The leading proponents of this agenda were not left-leaning progressives, but moderate and conservative members of the Northeastern establishment in both parties and thus were drawn from the ranks of corporate lawyers, financiers, liberal academics, and philanthropists with close ties to Wall Street. Their quest for a stronger national government was motivated by a belief in what many at the time called “business efficiency.” These elite reformers believed that the national government, as the “Largest Industrial Concern in the World,” would benefit if they could apply lessons from big business to the administration of big government.

This project focuses on policy debates in the 1910s and 1920s about three general topics: budget reform, executive reorganization, and anti-lynching. Budget reform was meant to endow the presidency with the sort of power and responsibility wielded by the chief executive of an industrial corporation.

Executive reorganization—the term reformers used to describe the reshuffling of bureaus and agencies to improve functional efficiency in administration—was meant to provide the executive branch with a modern organization with clear lines of administrative authority. Anti-lynching became the focus of reformers who were interested in ensuring equal protection under law, which they viewed as an essential prerequisite to effective governance.

However, despite the social and economic power wielded by the elite reformers and the commonsense appeal of their moderate agenda in this efficiency-obsessed era, the elite reformers faced concerted opposition from a coalition of actors who preferred local control of public administration. Their quest to strengthen the American state was ultimately blocked by Southern racists and Western white nationalists.

As a result, the United States entered the Great Depression with a national government that lacked capacity to enact national policy and solve national problems. Subsequent efforts to expand national governing capacity were forced to build atop that shaky administrative foundation, making those efforts vulnerable to later retrenchment in the late twentieth and early twenty-first centuries.

Rockefeller-funded initiatives—and, indeed, John D. Rockefeller, Jr., himself—played a key role in the elite reform efforts of the 1910s and 1920s. The report that follows presents evidence drawn from records held at the Rockefeller Archive Center.

1

The movements to enact budget reform and executive reorganization emerged from the “President’s Commission on Economy and Efficiency” that operated during the administration of William Howard Taft. The “Taft Commission,” as it was known, devised plans for a national budget system and for a thorough reorganization of the executive branch. However, at the end of Taft’s term in

office, Congress cut the commission's funding. In 1913, Woodrow Wilson declined to resume its work.¹

In 1914, a group of administrative reformers—consisting primarily of veterans of the Taft Commission—formed a new organization, the Institute for Government Research (IGR), which would continue the work of the Taft Commission and serve as a national counterpart to the New York-based Bureau of Municipal Research. As Jerome Greene, one of the organizers, explained in a letter to prospective directors, “a small group of men interested in [the work of the Taft Commission] have lately been considering whether there might not be a way of renewing the work on a basis that would not be dependent upon political support or congressional appropriation.” In addition to Greene, who was secretary of the Rockefeller Foundation, the group included Anson Phelps Stokes, the secretary of Yale University; Charles D. Norton, the organizer of the Taft Commission; and Frederick Cleveland, the director of the Taft Commission.²

During the period before the Institute was incorporated, Frederick Cleveland (who was still on the payroll of the Bureau of Municipal Research) served as its acting director. At the board meeting where the IGR was incorporated, however, William F. Willoughby, another member of the Taft Commission, was unexpectedly selected as director. Willoughby's selection was apparently a surprise to Cleveland, who had expected to be named. Hard feelings over this situation may have had something to do with Cleveland's later hostility toward Willoughby's work with the Institute.³

The IGR received substantial support from the Rockefeller Foundation (RF), but the leaders of the Institute and the leaders of the RF agreed that it would be best if the new organization were not identified as a Rockefeller project. This concern with avoiding controversy in connection with its ties to Rockefeller and other business leaders also informed the IGR's focus on “scientific” research, and its avoidance of “propaganda.” Rockefeller Foundation leaders were especially insistent that the Institute avoid the appearance of attempting to direct the activities of the government, hoping to avoid a reprise of the controversy surrounding its farm demonstration project, which congressional investigators had viewed as an attempt by John D. Rockefeller to use his wealth to control the

government and subvert democracy.⁴ (These qualms were confirmed during the summer months of 1919, when one of the leaders of the protests against the farm demonstration work conducted an intensive letter-writing campaign criticizing proposals for budget reform.)⁵

As a result, the IGR focused on building a body of ostensibly impartial research and the Rockefeller Foundation limited its contributions to less than 50 percent of the Institute's budget. The RF paid nearly the entire cost, however, for publication and distribution of books produced by the Institute. By the end of 1918, the IGR had published five volumes on the subject of budgetary reform in its "Studies in Administration" series. Willoughby wrote one book on budgetary reform at the national level and one on state-level reform. He also edited volumes on the British, French, and Canadian budget systems.⁶

Between 1919 and 1921, Willoughby worked closely with the National Budget Committee (NBC), an elite reform organization led by John T. Pratt, son of Charles Pratt who was one of the original trustees of the Standard Oil Trust. In the fall of 1919, Willoughby and the NBC's research director, Samuel McCune Lindsay, organized hearings for the House Select Committee on the Budget. Willoughby had drafted a bill sponsored by the chairman of the committee, James W. Good, a Republican from Iowa. The Good Bill largely followed the lines established by the Taft Commission, providing for a budget bureau in the office of the president and the creation of an independent auditing agency. Lindsay and Willoughby helped arrange it so that almost every witness at the House hearings supported some form of executive budget system and that most of the witnesses supported the proposals of the National Budget Committee and Institute for Government Research.⁷

2

In March 1919, just as the postwar budget reform movement was getting started, the IGR had already begun a study of "the organization and activities of the administrative branch of the national government" in preparation for devising a

plan for reorganization.⁸ The NBC began to focus on executive reorganization in the summer of 1920, soon after Wilson's veto of the budget bill. In a mid-August fundraising pitch to a select group of donors, John T. Pratt (the president of the National Budget Committee) explained the NBC's "plan to follow up our budget work and make it effective by urging an efficient and economic reorganization of our financial government."⁹

Raymond Fosdick—who was a trustee of the Institute for Government Research, an attorney and advisor to John D. Rockefeller, Jr., and a Wilson partisan who supported Herbert Hoover in the 1920 presidential election—was exceedingly optimistic in his assessment of the chances for enacting executive reorganization during Harding's term in office. Writing to Rockefeller, Fosdick said, "the opportunity which we have before us in Washington under the Harding administration is immense, and we are looking forward to four or five years of great service."¹⁰ The chairman of the IGR, the St. Louis industrialist Robert S. Brookings, was also excited by the prospects presented by the Harding administration. "As you have probably noticed from the President's statements on the reform or reorganization of all departments," Brookings wrote to Rockefeller, "that although the detail will probably take several years to work out, our ultimate success seems to be within sight."¹¹

3

Despite the optimism of reformers in 1921, Harding's reorganization initiative was eventually blocked by Southern and Western leaders in Congress. In 1925, Secretary of Commerce Herbert Hoover led a new effort to promote executive reorganization through a partnership with the National Civil Service Reform League (NCSRL).¹²

However, confounding Hoover's high hopes for his joint venture with the NCSRL, the League's reorganization committee never got off the ground. The main stumbling block was the NCSRL's inability to raise money to fund the committee's proposed annual budget of \$25,000.¹³ At the end of 1927, NCSRL's secretary,

Harry W. Marsh, complained to George McAneny, who was then serving as president of the League: “Personally, I should like to see the special committee which we created really function.”¹⁴ In January 1929, Marsh’s replacement as League secretary, Elliot Kaplan, met with John D. Rockefeller, Jr.’s secretary, Thomas Appleget. “I was surprised to find he was quite familiar with our plan for consolidation and reorganization of the Federal departments,” Kaplan reported to McAneny:

He observed that that was a problem of considerable magnitude and wondered how the NCSRL could do much toward that end. I explained the establishment of a Special Committee of prominent citizens (all of which information he seemed to have had already) and pointed out the difficulties with which we have been faced.¹⁵

In fact, however, Rockefeller had already determined not to fund the League’s reorganization committee. In response to a request from the NCSRL in 1926, Appleget had drafted an internal report, in which he concluded:

The reform of the bureaus and departments of the federal government seems a large contract for the League. The Secretary has always felt, personally, that it would be advisable to combine this League with the Bureau of Public Personnel Administration making one the publishing and aggressive body and the other the research and fact-finding body. In the meanwhile, it is perhaps advisable to continue Mr. Rockefeller’s contribution. Any increase is certainly not recommended.¹⁶

This decision reflected Rockefeller’s policy to avoid contributing to organizations whose work conflicted with Rockefeller-funded enterprises. This policy had made Rockefeller reluctant to contribute to the National Budget Committee’s campaign for executive reorganization at the beginning of the 1920s. When NBC president John T. Pratt approached John D. Rockefeller, Jr. for a contribution (Pratt was one of the select few who could comfortably address such letters with the greeting “Dear John”), Rockefeller dispatched his attorney, Raymond Fosdick, to make sure that the NBC’s work would not interfere with the investigations conducted by the IGR. At the suggestion of Fosdick (who, not coincidentally was also a trustee of the IGR), Rockefeller responded to Pratt:

Having for some years been interested in the Institute for Government Research in Washington, the scope of whose work is quite wide, and knowing now that you are proposing to greatly broaden the scope of the work of the National Budget Committee, the question has arisen in my mind as to whether there may not be danger of overlapping or conflict between these two organizations.¹⁷

After several months of negotiations, the NBC agreed to focus on propaganda and leave scientific investigations to the IGR.¹⁸

Similarly, in the mid-1920s Rockefeller was giving \$25,000 a year to the Bureau of Public Personnel Administration (BPPA)—the organization that his secretary had suggested ought to absorb the NCSRL. The BPPA was formed as part of the IGR in 1922 to conduct “scientific research” into public personnel administration methods and to serve as a clearinghouse of information and advice to civil service commissions throughout the country. Its bylaws stipulated that its five-man advisory board included one representative of the National Civil Service Reform League.¹⁹ Rockefeller’s insistence on well-coordinated support of scientific study of public administration eventually caused the BPPA—after a brief period of operating at the University of Chicago—to be shut down in order to provide a broader field for the Public Administration Clearing House, which was funded by the Spelman Fund of New York and directed by the public administration pioneer, Louis Brownlow.²⁰

In the late-1920s environment of the philanthropically driven professionalization of academic public administration, the NCSRL seemed a hopeless anachronism. In 1932, in response to the League’s appeal for an increased contribution from Rockefeller, his secretary, Arthur W. Packard, reported:

The Secretary has discussed the work of the National League with Mr. Moffat of the Spelman Fund and Mr. Harrison, formerly of the Bureau of Public Administration. Some plans are under way for merging the activity of the National Institute of Public Administration and the American Political Science Association. When such a consolidation takes place there is the possibility that the ground now covered by the National Civil Service Reform League would be more adequately covered in a larger way. Some kind of federation, if not consolidation, is needed in the interests of

greater effectiveness and in connection with the many single organizations which are undertaking special progress within the broad field involved.²¹

4

On February 19, 1923, the Supreme Court ruled in *Moore v. Dempsey* that mob-dominated trials violated a defendant's right to due process under the 14th Amendment. Coming just weeks after the failure of the effort to pass an anti-lynching bill in Congress, the success of the *Moore* case led the NAACP to focus on a legal strategy to win rights for African Americans.²²

This strategy won admiration from observers previously skeptical of the NAACP. John D. Rockefeller, Jr. began donating to the NAACP in 1928. A memorandum on the organization, prepared by Rockefeller's secretary, Thomas Appleget, cited the *Moore* decision as evidence that the NAACP's legal work was worth supporting. In 1928, Leonard Outhwaite of the Laura Spelman Rockefeller Memorial observed: "I believe that it is well to have such an organization fighting vigorously in the courts, employing the brilliant legal talent and purely legal methods to establish the position of the American negro in our society."²³

Although many leaders in Northern philanthropy continued to adhere to the prewar "accommodationist" consensus, by the mid-1920s, that consensus was no longer dominant. For instance, when Jackson Davis, general field agent of the General Education Board, complained to Appleget that the NAACP's "militant, bristling attitude towards white people serves to strengthen prejudice."²⁴ Appleget replied: "I am much impressed by what you say and certainly it is true. On the other hand, I recognize that the colored citizen needs legal aid to establish his rights, and I do not see how this can be done except by fighting it out through the courts."²⁵

¹ See Peri E. Arnold, *Making the Managerial Presidency: Comprehensive Reorganization Planning, 1905–1996*, second edition (Lawrence, KS: University of Kansas Press, 1998), and Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877–1920* (New York: Cambridge University Press, 1982).

² The Institute for Government Research would, in the late 1920s, be merged with two other organizations to form the Brookings Institution. See Greene to Charles Van Hise, August 31, 1914, box 26, folder 294, RG 1.1, Ser. 200, Rockefeller Foundation records, Rockefeller Archive Center (hereafter “RAC”). On the founding of the IGR, see James A. Smith, *The Idea Brokers: Think Tanks And The Rise Of The New Policy Elite* (New York: The Free Press, 1991), 52–55; James A. Smith, *Brookings at Seventy-Five* (Washington, D.C.: Brookings Institution, 1991), 9–14; and Donald T. Critchlow, *The Brookings Institution: Expertise and the Public Interest in a Democratic Society* (DeKalb, IL: Northern Illinois University Press, 1985), 17–40.

³ See Critchlow, *The Brookings Institution*, 33.

⁴ Greene to Charles Van Hise, August 31, 1914, box 26, folder 294, RG 1.1, Ser. 200, Rockefeller Foundation records, RAC. See Senate Select Committee, *Industrial Relations: Final Report and Testimony*, vol. IX, 64th Cong., 1st sess., 1916, S. Doc. 415.

⁵ This campaign, conducted by William H. Allen, is noted in Starr J. Murphy to John D. Rockefeller, Jr., June 18, 1919, box 40, folder 317, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

⁶ William Franklin Willoughby, *The Problem of a National Budget*, Institute for Government Research, Studies in Administration (New York: D. Appleton and Company, 1918).

⁷ Willoughby’s role in arranging the hearings is mentioned in Critchlow, *The Brookings Institution*, 37, and in Brookings to John D. Rockefeller, Jr., October 20, 1919, box 40, folder 315, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC; Lindsay’s role is mentioned in “Budget Committees Named in Congress,” *The National Budget*, September 15, 1919.

⁸ Robert S. Brookings to John D. Rockefeller, Jr., March 27, 1919, box 40, folder 315, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

⁹ Pratt to John D. Rockefeller, Jr., August 12, 1920, box 40, folder 317, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

¹⁰ Fosdick to John D. Rockefeller, Jr., March 24, 1921, box 40, folder 315, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

¹¹ Brookings to John D. Rockefeller, Jr., April 12, 1921, box 40, folder 315, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

¹² See Jesse Tarbert, “The Quest to Bring ‘Business Efficiency’ to the Federal Executive: Herbert Hoover, Franklin Roosevelt, and the Civil Service Reformers in the Late 1920s,” *Journal of Policy History* 31 (October 2019): 512–532

¹³ On the proposed budget, see memorandum enclosed in Harry W. Marsh to George McAneny, March 21, 1927, box 7, folder 1927, George McAneny Papers, Princeton University Library, also in box 7, folder AAB7, NCSRL Papers, Cornell University Library.

¹⁴ Marsh to McAneny, December 30, 1927, box 7, folder 1927, George McAneny Papers, Princeton University Library.

¹⁵ Kaplan to McAneny, January 9, 1929, box 8, folder 1929, George McAneny Papers, Princeton University Library.

¹⁶ Report on National Civil Service Reform League, November 23, 1926, box 6, folder 31, FA313, Office of the Messrs. Rockefeller records, Civic Interests, RAC. Rockefeller gave the NCSRL \$1,000 a year from 1922 through 1930, when his contribution was dropped to \$500 a year. See Kaplan to McAneny, December 6, 1928, and McAneny to Rockefeller, Jr., December 29, 1928, box 7, folder 1928; Thomas Appleget to McAneny, January 18, 1929, box 8, folder 1929; Arthur Packard to McAneny, February 4, 1930, box 8, folder 1930; and Packard to McAneny, January 15, 1931, box 8, folder 1931, George McAneny Papers, Princeton University Library.

¹⁷ Pratt to Rockefeller, Jr., August 12 1920, box 40, folder 317, FA313 Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC. Rockefeller, Jr., to Pratt, August 30, 1920, box 40, folder 317, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

¹⁸ Fosdick to Rockefeller, Jr., September 16, 1920, and Fosdick to Rockefeller, Jr., February 28, 1921, box 40, folder 317, FA313 Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

¹⁹ On the BPPA's founding, see Rockefeller to William F. Willoughby, July 24, 1922, box 40, folder 316, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC; Memorandum of Mr. John D. Rockefeller, Jr.'s gifts to the Institute for Government Research," February 7, 1923, box 40, folder 315, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC; and Institute of Government Research, "A Descriptive History of the Bureau of Public Personnel Administration," March 17, 1925, box 40, folder 316, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

²⁰ On the BPPA's move to Chicago, see Guy Moffett to Beardsley Ruml, Memorandum on "Civil Service Assembly of the United States and Canada," September 16, 1929, box 44, folder 552, FA063, Spelman Fund of New York, RAC. On the formation of the PACH, see "Memorandum to the Members of the Board of the Public Administration Clearing House," December 26, 1930, box 65, folder 695, FA063, Spelman Fund of New York, RAC, and Frank O. Lowden to Beardsley Ruml, December 31, 1930, box 65, folder 695, FA063, Spelman Fund of New York, RAC.

²¹ Report on National Civil Service Reform League, February 26, 1932, box 6, folder 31, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

²² See Megan Ming Francis, *Civil Rights and the Making of the Modern American State* (New York: Cambridge University Press, 2014), 127–163.

²³ See Leonard Outhwaite to Thomas Appleget, March 13, 1928, box 35, folder 382, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

²⁴ Jackson Davis to Thomas Appleget, March 23, 1928, box 35, folder 382, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.

²⁵ Thomas Appleget to Jackson Davis, March 29, 1928, box 35, folder 382, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC; "National Association for the Advancement of Colored People, March 15, 1928," box 35, folder 382, FA313, Office of the Messrs. Rockefeller records, Series D, Civic Interests, RAC.