

AFD Ep 456 Links and Notes - 1IR: The Boston Associates Part II: The Creation of American Philanthropy

In the 1810s through the 1850s, a group of close-knit wealthy Boston-based investors became even richer by building textile mill complexes in Massachusetts and setting up associated business ventures in railroads, insurance, and banking. I covered all of that in the previous episode, but this week it's time to talk about how they created the modern capitalist conception of "Philanthropy" in the United States. As we'll see, this conception was often quite distinct from charity...

Part two of our podcast episodes on the book "Enterprising Elite: The Boston Associates and the World They Made" by the late Robert F. Dalzell Jr (formerly a longtime professor of American Culture at Williams College), Harvard University Press, 1987.

1. We already covered part 1 of the book and also the 1st chapter of the 2nd part of the book (as well as the book's epilogue) on the first episode, because those worked well together thematically for the structure of our show. We pick back up today with the 2nd chapter of the 2nd part of the book, which examines the Boston Associates' role in philanthropy more specifically... and after this short episode I will return next week with a final episode on the Boston Associates in Massachusetts and national politics and their decline from dominance in the 1850s.
2. Philanthropy
 - a. Many of the Boston Associates, once liberated from the busy tasks of running maritime shipping businesses by the steady, mostly passive income of textile mill shareholding, became fairly enthusiastic philanthropists in Boston. 27 of the Associates at one time or another served as trustees of the Mass General Hospital, which was mentioned in the life insurance section of the first episode. That hospital was meant to offer help and resources to the urban poor who had no one else to rely on. A significant share of textile mill profits was donated to the hospital, either directly or via the insurance company through its charter mandate. "Between 1811 and 1851 its members contributed one out of every four dollars raised for the hospital." (p.115)
 - i. Dalzell notes, however, (p.128) that the donations to the hospital when it was originally being built were actually overwhelmingly small-dollar donations from the general public, which showed an interesting collaboration between the city's wealthiest elite and its ordinary residents, which was apparently often typical of public-benefit philanthropic ventures in Boston... (Also Boston projects were not strictly limited to Bostonians, either in donors or beneficiaries, as it was generally understood that they would be useful to people from all over the Boston area.)
 - b. Some of the former merchants had gotten their startup capital as coastal merchants from successful farmer fathers in the countryside and those fathers had also been locally active philanthropists in their towns since the Revolutionary War era – for example funding local academies – so there was already some expectation of engaging in philanthropy (p.117) As a side note addressing their trajectory away from rural gentry to rich merchants and then industrial capitalists: they could never have continued as New England farmers like their fathers because of the inherited property division requirements that rapidly split up rural landholdings, breweries, sawmills, or ironworks into non-viable farms or businesses. (p.117) Many of these country towns across New England were economically and socially declining at the start of the 19th century.

- c. Philanthropy on a larger scale, concentrated toward the growing cities, was becoming necessary to maintain social stability as the traditional community life of New England was breaking down and a more alienated wage-labor model rose to greater prominence. Wealthy philanthropy to fund institutions for the faceless public was the replacement for traditional community charity.
- d. The early wealthy republican men of the northern United States also understood fairly explicitly that being seen as openly aristocratic, either in behavior or family power, was dangerous to their families' ability to stay at the top of the social order without being overthrown and brought low. Philanthropy could buy good will and required enough attention and effort as to look like work, rather than idleness, which mattered in a country or region whose identity was based on Hard Work.
 - i. Hospital trustees for example made weekly visits in person to inspect the hospital and check on how patients were being cared for. (p.130)
 - ii. For management and medical professionals, the trustees tended to hire from within their own families and those positions were often handed down for many generations. Which is not to say they were unqualified personnel – they were often the medically trained younger brothers from the wealthy trustee families, for example. (p.131) “there is little evidence that the quality of care suffered as a result.” This gave the less business-minded but still talented members of the families career opportunities, while also maintaining operational stability and collaboration between staff, management, and trustees, since they were all closely related, which had proven a successful model in business.
- e. The Boston Associate families concentrated their residences together physically on Beacon Hill and around Boston Common, which were highly visible locations, but with rare exceptions these homes were all carefully understated brick structures, perhaps to avoid provoking the populace. (p.123)
- f. The Associates were, as a group, overwhelmingly interested in financially supporting Literature, whether via personal collections or more accessible private libraries such as the Boston Athenaeum Reading Room and Library. (pp.123-124) 90% of the Boston Associates were subscribing members of the Athenaeum. (p.125)
- g. Perkins Institution for the Blind, which still exists today, was founded in 1829 and received a lot of donor support.
- h. Others included (p.135): Boston Female Society, Boston Marine Society, Boston Medical Dispensary (for the poor), Boys Asylum, Bunker Hill Monument, Massachusetts Medical Society, Massachusetts Charitable Eye & Ear Infirmary, Handel & Haydn Society, American Academy of Arts and Sciences, the Franklin Fund, the Greene Foundation, and others. Most of these still exist today in some form or another.
- i. Harvard obviously was a huge component of the Boston Associates' philanthropic activities. Wealthy mill investors could fund the creation of new professorships in specialized fields so that their sons could become trained in those fields and not continue in business. And of course the new faculty and administrators were sometimes themselves drawn from these families.
 - i. The biggest single donation from a living donor came from Abbott Lawrence, eventually the US Ambassador to Britain, who provided \$50,000 to launch a whole new college of science at Harvard, complete with laboratory space. He left the college a matching further amount in his will. (pp.149-150)

- j. The Associates, such as his brother Amos Lawrence, also individually dropped thousands of dollars a year on various private academies and other colleges such as Williams (p.146)
- k. Many of the philanthropies of the Boston Associates, much like the insurance company with its large investment fund, ended up amassing huge endowments fairly quickly. This provided yet another pool of money in search of investment opportunities. Surprise, surprise they concluded that the safest investments in the area were the ones they already individually invested in! (p.135) The upshot of this is that “One gave money to support education or heal the sick, only to borrow it back from the Massachusetts Hospital Life and invest it in the textile industry, the very place from which the money had probably come in the first place. Meanwhile the community found itself provided with valuable services, and in addition to involving people from many different walks of life, the effort created a number of highly attractive career opportunities for those with the right training – and connections.” (p.136) “all society – Boston itself – ... was to be transformed into a kind of vast, harmonious joint-stock company, with as many people as possible contributing and benefiting according to their respective resources and needs.” (pp.136-137)
- l. There was a shift in philanthropy after 1842 when the economy recovered from the depression that had followed the panic of 1837. (pp.137-139) There was an enormous expansion of the charitable institutions they had been supporting, but this time a very narrow selection of 200 wealthy individuals or their firms made the necessary donations, without turning to the general public for the small-dollar donations that had been a major feature of the early fundraising drives a quarter-century earlier.
- m. This shift occurred just before the start of the Irish Catholic immigration wave in 1845, which was about to disrupt the social order of old Boston, with 31,000 new Irish showing up between 1840 and 1850 and often finding nowhere but Irish slums to live. (p.140) This was about 70% of the entire population growth of the City of Boston that decade. The new Irish Catholic community ended up eventually building a lot of their own separate charitable institutions, while the existing non-Irish philanthropies pivoted from aiming to serve everyone toward only aiming to serve the traditional non-immigrant population. Facilities also tended to split into those for just the rich and those for just the poor. (For example, in addition to this happening at medical facilities or asylums, the Athenaeum adamantly refused to merge with a proposed Boston Public Library.)
- n. Abbott Lawrence’s will did leave \$50,000 to establish a trust for creating dedicated rental housing in Boston for the poor. (pp.150-151) Dalzell argues that this is an example of the divergence of concepts of “charity” and “philanthropy.” (p.157) And charities for the poor were expected to spend down surplus resources, like extra rental income from low-income housing, rather than holding it in reserves as investment funds or endowments like the philanthropies for the rich.

So that’s my episode on the philanthropy of the Boston Associates in the First Industrial Revolution in Massachusetts. It was an important tool in maintaining their existing status and power within society, and it was a role model for Second Industrial Revolution robber barons like Rockefeller. But next week we’ll talk about the direct political exercise of power by the Boston Associates and their Whig Party in pre-Civil War US and Massachusetts politics.