

# EDUCATION IN AMERICA

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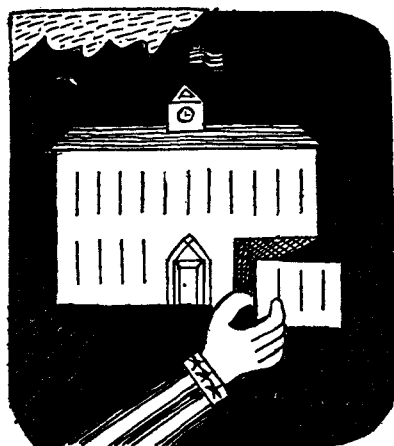
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The tax reform bill passed by the House last month (H.R. 13270) and scheduled for action by the Senate early this fall, is hailed as the most sweeping revision of the federal income tax structure in history. Few would deny that reform of the patchwork of tax legislation that has accumulated over the years is long overdue, and many provisions of the House bill are designed to eliminate special privilege and correct inequities of long standing. But the nation's educators are concerned because the new legislation affects the education enterprise directly at a number of points—and in a few cases promises to have a seriously negative effect.

New limitations placed on gifts to private schools, colleges, and universities will prove particularly crucial. At a time when these institutions are fighting desperately to survive as independent centers of learning, any action that inhibits the flow of private funds to their support inevitably will increase their dependence upon federal and state funds. In the past, tax law has not only allowed, but actively encouraged private philanthropic giving for the support of institutions dedicated to the public welfare. The new legislation, as it was passed by the House, eliminates major incentives to such giving.

Under the present law, donors are allowed to make a gift of securities to schools and colleges and claim a tax deduction equal to the market value at the time of the gift, no matter what the original cost. Thus, no tax is paid on the appreciation in value of the securities, and the whole amount (original cost plus appreciation) goes to the recipient institution. The new House bill is a long and enormously complicated document that defies easy understanding and interpretation even by tax experts. It seems clear, however, that even though more restrictive provisions were eliminated from the

bill, the deductions allowed many donors of appreciated property will still be sharply reduced.

Comparable provisions of the new tax bill limit the benefits accruing to donors of other kinds of tangible personal property, such as works of art and manuscript collections. In addition, the donor who leaves his entire estate to a school or college, but arranges to continue to receive the income from the estate for the duration of his lifetime, is placed under new restrictions that reduce the value of his gift.

The incentives to giving that are included in the present tax law have stimulated the flow of many millions of dollars to the support of private educational institutions each year. The provisions governing gifts of appreciated property and life income contracts have attracted primarily the donors of very large gifts. As a result, the larger and more prestigious private universities each receive several million dollars in such gifts annually. But even more crucial for the welfare of higher education generally, perhaps, are the tens of thousands and hundreds of thousands of dollars that the smaller, less prestigious institutions receive each year, for it is these institutions that are most seriously threatened by the current financial crunch.

The United States has long been proud of the diversity of its educational enterprise, with public and private institutions existing side by side. But this picture could change rapidly if the flow of funds from the private sector is discouraged, because these funds play a crucial role in nearly every private institution's budget. Certainly efforts to eliminate inequities that allow wealthy individuals to avoid their just tax responsibilities are to be applauded. But "reform" should not curtail legitimate incentives to private giving.

—J. C.

# The Politics of Resegregation

by GARY ORFIELD

A year ago it seemed that this September would bring the decisive victory against school segregation in the South. Southern school administrators, facing a firm deadline set by the Johnson administration in October 1967, resigned themselves to the inevitable, and prepared belatedly to accept the law of the land. The growing willingness of Southern educators to abide by the Civil Rights Act of 1964 was an immensely hopeful sign. Now, however, political decisions made by the Nixon administration have jeopardized that hope and the educational future of the Southern black population.

When, on July 3, the administration announced the revision of the guidelines governing school desegregation, it was clearly a victory for South Carolina's Senator Strom Thurmond and his segregationist allies. And when last month the Legal Defense and Education Fund of the National Association for the Advancement of Colored People broke publicly with federal civil rights officials over a delay in Mississippi desegregation, it was the result of months of drift toward the Southern point of view by the administration.

The school desegregation guidelines are the regulations designed by the Department of Health, Education and Welfare (HEW) to implement the most important provision of the 1964 Civil Rights Act. The act required federal agencies to end all financial aid to local school districts that refused to end discrimination, and the guidelines spelled out just what the South had to do to retain needed federal aid. The guidelines, denounced as excessively timid by most civil rights leaders, asked significant annual progress in each school district toward the creation of a unified, nonracial school system. Two years ago, the Johnson administration set this fall as the deadline for completing the task, except in a few districts which could demonstrate special problems.

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During the Presidential campaign last year, most Northerners ignored the political arguments about the school guidelines and took little note of the attacks on them coming from both George Wallace and Richard Nixon. Since his election, however, Nixon has come under heavy pressure from Southern politicians who were responsible for swinging five Southern states into the Republican camp. As the September deadline approached, Southern political pressure on President Nixon became intense and generated a bitter internal debate in his administration. Finally, HEW Secretary Robert H. Finch, who had urged strict enforcement, was overruled and the September deadline was scrapped. Most enforcement powers were taken from HEW, and primary reliance was once again placed on the federal courts of the South, the very institutions that had failed so seriously between 1954 and the enactment of the Civil Rights Act.

Although the new school guidelines were intended to demonstrate the administration's appreciation for the

electoral votes of five Southern states, there was little jubilation among Dixie school officials. Southern educators, who thought they were finally finished with the desegregation battle, realized that the President had once again politicized the issue. It was painfully obvious to them—veterans of fifteen years of slow, tedious, and expensive court skirmishes—that moderate school officials would be right back in the midst of explosive racial politics. Once again the work of improving education in the region's lagging public schools would have to be postponed.

The new policies fail to recognize that there are only two ways to quiet white segregationist uproar in the heart of the Deep South; either the federal government can permit restoration of the old and unconstitutional system of separate schools, or it can demand creation of unified school systems in all districts. Virtually all the political trouble comes in communities suspended in uncertainty and fear somewhere between these alternatives. Once desegregation is accomplished, the unified school system generally becomes part of a new status quo. In four of the five Southern states Nixon carried last fall, the process is near completion and the school issue has lost most of its political force.

Most school officials saw the administration's decision to permit further desegregation delays not so much as a concession to the "South" or even the "Deep South," but to the principal followers of Thurmond and Wallace, the recalcitrant segregationists of a few hundred black belt school districts. Almost 4,000 of the 4,476 formerly segregated school districts of the Southern and border states were already committed to meeting HEW deadlines for eliminating separate schools. Interviews with leading educators in Strom Thurmond's South Carolina and Lester Maddox's Georgia in the days immediately before and after the announcement of the new guidelines demonstrate that even Deep South schoolmen were ready to desegregate. When the Nixon administration attacked existing desegregation standards as "unrealistic" and "arbitrary," it was undermining the efforts of some of the Deep South's leading educators, men who had belatedly put their prestige behind the desegregation effort.

In political terms, the new guidelines have their most immediate im-



**"Political decisions of the Nixon administration have jeopardized the educational future of the Southern black population."**