

PHOENIX HOUSE FOUNDATION ORAL HISTORY PROJECT

The Reminiscences of

Peter G. Peterson and Joan Ganz Cooney

Columbia Center for Oral History

Columbia University

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PREFACE

The following oral history is the result of a recorded interview with Peter G. Peterson and Joan Ganz Cooney conducted by Cameron Vanderscoff on November 19th, 2014. This interview is part of the Phoenix House Foundation Oral History Project.

The reader is asked to bear in mind that s/he is reading a verbatim transcript of the spoken word, rather than written prose.

Session #1

Interviewee: Peter G. Peterson and
Joan Ganz Cooney

Location: New York, NY

Interviewer: Cameron Vanderscoff

Date: 11/19/14

Q: Today is Wednesday, November 19th, and this is Cameron Vanderscoff here with Mr. Peter G. Peterson and Mrs. Joan Ganz Cooney to talk about their involvement with Phoenix House for the Phoenix House Oral History Project. I'd like to start with a bit of a broader frame in terms of your work with philanthropic support, personal support. And if you could trace the thread of your interest in philanthropic activity, personal support, to organizations outside of the context of your professional work, where are some places that you could chart a beginning? That might be family, that might be education, anything like that. Mr. Peterson, if you wouldn't mind starting.

Ganz Cooney: I'll answer that question first. His philanthropy started with—he founded the Peterson Institute for International Economics in Washington [in 1981] and built the building. And he was deeply involved in the Council on Foreign Relations, where he gave significant amounts of money and he was chairman for 22 years [1985-2007]. And he always gave me money to give away. And my interests were more along education lines, leading now to my interest in a particular charter school—which is a set of schools in this case—and a new preschool that they've started. But together out of a joint charity account we give some money to many, many institutions in New York—and mostly in New York, because we live here. And these are friends who are writing and asking.

And I work for an organization that gives a gala. I mean I founded the Sesame Workshop and Sesame Street. And it's a non-profit that raises money at a gala every year and we give to that. And more, he's given significant money there to found a Joan Ganz Cooney Center for Digital Research, with research on digital educational materials for children. So his philanthropy has focused on the institutions that he has led, which is the Peterson Institute, which he founded, the Council on Foreign Relations. And then Phoenix House has been of interest to him for many years as something that he has not taken a leadership role in, because he was too busy with other leadership roles. So together we give away a fair amount of money to many different causes in New York—mostly in New York.

But thanks to him, now, I'm going to concentrate with my stepdaughter, his daughter, on education in New York, preschool education. I'm very interested—and we will give some money to it—to help in the justice system and incarceration, and what happens after through programs that help ex-convicts get a step into society. And he continues to give to Phoenix House. So it's pretty widespread, mostly because of money he's given me. And he concentrates more on the institutions that he's been involved in.

Peterson: I had a long history of being involved in, and quite deeply involved in subjects that I'm interested in. And when I came out of government I'd had a fairly substantial involvement in foreign policy in the government. And it was kind of natural: I got involved in the Council on Foreign Relations. I was asked to join the board. And after a relatively short period of time I was

asked to be chairman, and as Joan said, for 22 years, which was a record period. I was very actively involved in the Council. And it was a major outlet for my money. I was the assistant to President Nixon for international economic affairs. And therefore, I was very much aware of what was going on in and out of the government on that subject. And there had not been an institute in that field in the United States. And ironically enough some foreigners, The Marshall Fund, took a look at the United States and said it's kind of odd that the world's leading economy doesn't have any academic work in the field. And they indicated that they would support the foundation, the formation of such an institute if either George [P.] Schultz or I were willing to be chairman. Well, I called George, who is an old friend of mine. And he'd moved out to California. And he said, "It doesn't make sense to have somebody from California at an institute in Washington. But I'll join the board if you'll do it." So I decided to do it. And that's become a major activity of mine. And I was fortunate enough to make a fair amount of money. And it [The Peterson Institute for International Economics] and the Council had been the two major outlets for my charitable giving.

Q: And I see from some research that I conducted for this that in '69 you were part of a Commission on Foundations and Private Philanthropy.

Peterson: Yes.

Q: So your own involvement with this kind of work goes back at least that far then.

Peterson: Yes. It was a strange combination of elements. I got a call one day from John Rockefeller, saying that he was very anxious to spend some time with me. Could I visit him at his Pocantico country home? Rockefeller and Pocantico, what would be wrong with that? So I met with him. And he said that he and Jack McCloy, who was always referred to as the Dean of the Establishment, and who was the secretary-treasurer? I can't remember, but the three of them wanted a fresh look at the foundation. And there had been a fair amount of criticism in Washington by a man named Surrey [phonetic]. And they wanted an objective view. And I guess they decided that some character from Chicago was probably better than a member of the establishment. Because I was most certainly not a member of the establishment. And I did some background work in Washington.

Peterson: Russell Long was the Chairman of the Finance Committee of the Senate. So I went down to Washington for the day and I found out that the attitudes of the legislature towards the foundations was far more critical than I had imagined. And there was some draconian legislation that was being planned, including taxing all of the grants of the foundations, including putting them out of business in ten years. And I just came back shaken. So I came back to New York. And it seemed presumptuous: here was a very young man—I must've been in my 30s or early 40s at the time—saying what I was about to say to McCloy and Rockefeller and so forth, that while I agreed totally with the need for such a activity, I did not agree with their formulation of

it, which was they would pick the members of the commission and they would do the staff, provide the staff and so forth. I said, “The only way I’d be interested is if it were totally independent. Because I don’t think there’s a chance you’ll be believed unless it has independent origins.” Well, they were quite shocked, particularly Mr. Rockefeller. He had his own plans for this commission. But they accepted it.

And I put together a group—none of whom were involved with the foundation at all—and put together a totally independent staff. And we went to work and discovered that foundations knew very little about what they did. So we did a major national survey of the grants of the foundations. And they were remarkably different than the Washington perception of them. And one of the things—we had several recommendations, but one of the major ones that has transformed the foundation movement is the minimum payout of foundations. Because one of the things we discovered is that people were making contributions to foundations for tax reasons. They had little intention of giving the money away. So it was that and several other recommendations.

And I had formed a close relationship with Russell Long. And I decided to go down and have a private afternoon with him without anybody in the room. And it was quite an experience. It’s like a movie: a bottle of bourbon sitting on his desk, and he was drinking it straight. I was concerned that he’d be drunk on the floor by the time I could get to the topic—so I had to hurry. But I explained to him some of the things I’ve explained to you. And finally when I finished he said, “I want to make sure I understand, Pete. You’re telling me that I can f— the bad guys while I help the good guys?” Well, I had gone down to Louisiana. I’d had a study done of what

foundations did with their money, and what the minimum payout would result in, in terms of increased contributions. And it was a sizable amount of money. So he got all excited, went out on the Senate floor, threw away his previous legislation, which was all punitive, and indicated that he had met with this young man—as I was referred to—and this was the recommendation. So it was quite an experience in government. And I'm delighted we decided to be independent, because we would have never succeeded given the environment. I'm sorry for going on so long.

Q: Well, I think that's all relevant, actually, because I'm curious about the larger context of your philanthropy. So you've talked a lot about foundations in general, legislation regarding foundations, your role in that commission. And so I'm curious about how both of you came to hear about Phoenix House in particular.

Ganz Cooney: [To Peterson] How did you come to hear about Phoenix House?

Q: Yes, when and how? I'm curious.

Peterson: Mitch [Rosenthal] was purely a social friend. I knew very little about Phoenix House. I went through a period where I was unmarried and he was unmarried. So we were two bachelors

around New York. And I became very, very fond of him. He's one of my closest friends today. So it was only natural that I'd be there to help him if I could.

Ganz Cooney: So he probably started telling you about Phoenix House, right?

Peterson: Yes.

Ganz Cooney: I met Mitch through Pete, so I didn't meet him until 1980, '79, and was very interested in the work he did. I never became involved with Phoenix House, but he took me out quite a few years ago—maybe eight, nine, ten—to a Phoenix House facility out of town. And I was blown away with how well run it was, what they were doing. They even within this facility had a public school, an accredited New York public school within the facility. And I was impressed with the students in the classes and the way they were teaching. They were using film, which is so smart. And at the time—it was probably more than ten years ago—at the time most schools would not use any film, any television to teach anything. And it was clearly so engaging to these young men—and it was mostly young men—to introduce them to World War II history by a movie or two about the war, maybe [*The Story of*] *GI Joe* or one of the classic war films from the time. And I was so impressed with how they were teaching. Though it was, as I say, an accredited public school, but the teacher just had those young people in the palm of his hand. I

guess it was a man that was teaching that course. In any case, I was deeply impressed with Phoenix House.

And we've always been philanthropic supporters of Phoenix House and of Mitch in particular. I mean we have a close personal relationship with him and his wife. And he's just a marvelous man. His wife is not well and he has taken care of her for many years. He's just a wonderful husband, and a great friend to his friends, really there; when you need him, he is there. And very smart, I think, on how he ran Phoenix House. And I think that the organization misses him, that they've never found a real replacement. Which is often true of founders; it's hard to replace them. It was not in my case. I was a founder and I easily handed off—and successfully. But Phoenix House is a far more complicated organization than mine is. And it's all over the United States. It's got facilities all over. And it has to raise a lot of money annually. And Mitch still does that for the organization, even though he's not CEO. He's the only one that philanthropists know; you know, he is Phoenix House. So he still raises money for them and has always had a role there, even though he stepped down as CEO. But he's an absolutely wonderful man, really extraordinary in every way.

Q: What do you think it was about him that made him such a distinct leader for Phoenix House that he's been that difficult to replace? Would you mind elaborating a little bit more on what it was that seemed to distinguish him as the president and CEO?

Ganz Cooney: Don't you think, Pete, it's true founders sometimes are difficult to replace, the founding intelligence? Why is Mitch so difficult to replace?

Peterson: I don't know. One reason might be that it's tailor made around the personal attributes of the founder. And it's not easy to find somebody else with those attributes.

Ganz Cooney: He's an unbelievable fundraiser. And it would be extremely hard for anyone—substantively, he's an M.D., psychiatrist, and he's a fine manager of a nationwide enterprise, and he is the chief fundraiser. And that's a very hard combination to find in a non-founder. I mean it would have to be almost a miracle. Because the people who give money and who know people who might give money know the name of Mitch Rosenthal or know him personally. And so it's difficult when it's somewhat personal relationships, or many personal relationships that he has.

Peterson: If I can add a light note: how many psychiatrists do you know that are great fundraisers? [laughs] You know, it's almost an oxymoron.

Q: So following this thread of your relationship with Mitch Rosenthal, Mr. Peterson, when would you say that your social association with him roughly began? Because I know he founded

Phoenix House, of course, '67, and it started in motion in '66. So when would you say that you first became, roughly, acquainted?

Peterson: Well, I came to New York in '74. It was within five years, you know—it would be somewhere in that period. And I guess the fact that Suzanne and Sally and Mitch—

Ganz Cooney: They became close personal friends with his [Peterson's] previous wife.

Peterson: His [Rosenthal's] previous woman.

Ganz Cooney: His [Rosenthal's] previous girlfriend and his [Peterson's] wife, previous wife were friends.

Peterson: Were close friends.

Ganz Cooney: They saw a lot of each other.

Q: And one of the reasons I ask that is because I notice that you received a Phoenix House Public Service Award in 1976 [conflicting information if award was 1976 or 1979] for a “service to society which inspires young people struggling to reclaim disordered lives.”

Peterson: That’s very impressive. [laughs]

Q: And so I bring that up, so you had that association by 1976. Would you mind relating some of the early ways in which you were involved? Receiving that award is clearly one. But what sort of a function do you think you served for Phoenix House in that earlier part of your association as you were switching from a purely social relationship to support?

Peterson: Tell me what that date is?

Ganz Cooney: [referencing notes prepared by their assistants] ’79 Peter G. Peterson received their award at their dinner, their annual dinner. So is that when your close relationship started, with ’79?

Peterson: Well, this was before that, really, '76.

Ganz Cooney: You started before that being friends, yes, '76.

Peterson: I think it was largely social prior to that time with my ex-wife and his girlfriend, I think.

Q: Well, I noticed that in recent years, for instance, one of the ways that both of you had been involved is chairing the summer party that's in the Hamptons, among other events. So if you could characterize your role and relation to Phoenix House, how would you define it, what do you hope it is that you are doing for Phoenix House?

Peterson: Well, I love Mitch and respect him, as Joan does. And he's very persistent. And it's very hard for me to say no to Mitch.

Ganz Cooney: For any of us to.

Peterson: The last few summers would be an example. Prior to that time I was very deeply involved in his annual dinners in New York. And I guess it's not an overstatement to say that I was a member of the establishment. And there was almost no one in the establishment that knew anything about Phoenix House, particularly the corporate establishment. And clearly there was a connection between Phoenix House and corporations through their employees who suffered from whatever the addictions were. And I told Mitch I thought that we ought to make a very major effort to reach out to the corporate community. So me and my big mouth, [laughs] I ended up being the principal executor of getting the guests and getting the chairmen and so forth. And that became a tradition of Phoenix House. I asked them this morning to come up with—

Ganz Cooney: Tom Watson [Jr.] of IBM, Thornton Bradshaw of RCA, Jim Robinson of American Express, Jim Ferguson of General Foods—what was the name of Ferguson's company? Jim Ferguson.

Peterson: General Foods.

Ganz Cooney: General Foods.

Peterson: IBM, Tom Watson. [searching for another name] The ultimate establishment figure, whom you knew—

Ganz Cooney: Jim Burke?

Peterson: No, no.

Ganz Cooney: The ultimate establishment figure?

Peterson: [calling his assistant] Deb [Meyers]!

Ganz Cooney: You got him?

Peterson: No, [unclear]—

Ganz Cooney: No, but you got this ultimate establishment figure?

Peterson: We did, yes.

Ganz Cooney: Well, that would be in the earlier days, John J. McCloy.

Peterson: John J., remember that name?

Q: Yes.

Ganz Cooney: That was a big add.

Peterson: And Watson was a big add.

Ganz Cooney: Oh, yes.

Peterson: He was the Chairman of IBM. So it became a rather prestigious award. I told Mitch it was very important to set the standard early on, so that later on people, when you asked them, they would say, “Well, who’s gotten this award?” And it’s very impressive as to who’s gotten it. And we have raised something over \$20 million, which in Phoenix House terms is a substantial contribution to their budget. And the other thing it does is get the corporate community involved. And we began a tradition in the last few dinners of showing the interaction of children and their parents and Phoenix House. And I guess you attended one or two of those dinners. It was very, to me, moving to see what had happened to that family during the addiction period, and how disrupting it was. And how Phoenix House would help them, evolve them to a much more normal relationship. And it was almost tear producing; it was very touching, I thought. And there were all these corporate executives saying, “I think this could be happening to my company and my employees and I wouldn’t know it.”

Ganz Cooney: “—and my family.”

Peterson: “—and family and wouldn’t know it.”

Ganz Cooney: It became a much bigger cause as addiction became a much more widespread problem. Or at least it surfaced and everyone became aware. And many families—in the end there were people who came to Phoenix House for help that had originally been called to help

Phoenix House. You know, it was interesting. Mitch would never say who, but I was aware that many people that were prominent came to him for help with their child or relative having a problem. So he was the go to guy. Partially due to these dinners, people became aware of him and Phoenix House.

Q: And so in this, in sort of broadening this circle of supporters of Phoenix House, I'm curious about what your pitch for Phoenix House was in some sense. When you were speaking to your friends, to your colleagues, to associates from business, that kind of thing, what was your argument for Phoenix House in getting people to attend these dinners? I'm curious about how you got so many of these names, some of these people into the room, as it were.

Peterson: Well, it's going to sound very immodest to say this: I think the main reason I got them in the room is they were friends of mine. "And if you feel strongly about it, Pete, I'll think about it."

Ganz Cooney: And no one could say the cause wasn't worthy after all, even if they didn't know Phoenix House and we had told them what they did. But as time went on people were very aware of Phoenix House, because the drug problem had grown so much, and into so many upper middle class and upper class families. It wasn't something out there that happened to poor people or to

the less fortunate. It was happening to a lot of people in the family, that one of the children would have a drug problem.

Peterson: And these executives would do what you would expect them to do: they'd get exposed to one of these dinners and watch these families and employees of companies. And I can't believe some of them didn't go back to their human relations department—

Ganz Cooney: Human resources.

Peterson: —human resources, and say, “What are we doing about the drug situation in our company?” And we had here a pretty impressive array of major companies that had been exposed.

Q: I guess one way of framing this, I'm curious about the impact that this involvement has had on you. And there was an article that was written on one of the recent summer parties in *Bloomberg* in which you said, Mr. Peterson, talking about Mitch Rosenthal, that Mitch gets his income in some way, his “psychic income” from doing this work, and that's part of the value in it for Mitch. And so I'd like to ask both of you what is the psychic income, as it were—to use your phrase—in being involved in this over such a duration of time?

Ganz Cooney: For us?

Q: Yes, I'm curious about that.

Ganz Cooney: Well, I would answer that by saying that a very close friendship's involved. And that does make a difference. I don't know that we would be this—ever would've been involved, even, with Phoenix House had we not known Mitch. Because our philanthropy was directed, mine was to education and the poor, and his was to the foreign policy organizations.

Peterson: And increasingly fiscal policy.

Ganz Cooney: Yes, fiscal policy, economic policy. And so if it hadn't been for Mitch I don't know that we would have been involved in this cause. We were lucky that none of our children, my stepchildren, his children, were involved in drugs. We never had the problem. And have not that we know of with any grandchild, of nine grandchildren. So it wouldn't have hit us as it has many other families. And they hear about Phoenix House, because they take a son or grandson

there for treatment. So I don't know that we would have been involved in this cause. I would say probably not if it weren't for Mitch.

Peterson: I've seen him do better. I've seen him solve a problem. Giving him help on certain fundraising activities was psychic income in itself, as Joan suggested. It was not overwhelmingly the cause, because we were deeply involved in other causes. The cause was Mitch Rosenthal.

Ganz Cooney: Yes, that's true.

Q: And so through all of this, in terms of your engagement with the activities within Phoenix House, you mentioned that you visited a particular center.

Ganz Cooney: A facility.

Q: I'd like to open this up to both of you, but would either of you mind sharing any recollections that you may have of encounters with the therapeutic community method used at Phoenix House, or encounters with the inside, the interior view of Phoenix House, that kind of operational view—any tours you might have taken?

Ganz Cooney: Well, I think I'm the only one of the two of us that have toured a facility. And I was just deeply impressed. I saw this nervous, high-strung smoking group that had just come in, new patients. And they were all agitated and nervous about what their experience was going to be. And then I saw the ones who had been there for a while, calm, well behaved, cooperative. I mean it was just an extraordinary experience to see before and after. And as I say, I went to classrooms of the kids attending school and it was so orderly. It was amazingly orderly, and without being lifeless. I mean it wasn't that, but it was just clearly these kids were very engaged in their program at Phoenix House. And very calmed down, because they were now drug free, the ones that I was visiting. But as I say, I saw a newly arrived group that day and, oh my heavens, the agitation with the new ones, and the smoking. And I mean nervous, nervous, nervous about, well, they were not going to have drugs anymore. And so they were going to go through detox and it wasn't going to be fun. And they were nervous. But if one had gone back six weeks later it would've been a different scene with those same people. And many of them stayed at least a year. Many of them are remanded by court, rather than prison. This was when users were being sent to prison and it was great if you could get sent to Phoenix House instead, obviously.

Q: And I'm very interested in your perspective on the educational component, given your background with Children's Television Workshop and your interest, your professional interest as

it were, in education. You mentioned that you were very inspired by the fact that they were using film as a part of their approach.

Ganz Cooney: Yes. Well, I'm sorry, I don't understand the question.

Q: I ask that because you've dedicated your own career to using TV, film approaches for the education of granted, a younger age set than this, but still for the education of young people in one sense or another. And so I'm curious about your interest in the educational component that you found at the Phoenix House, whatever it was, catching onto the film.

Ganz Cooney: What I was deeply impressed by was that they were obviously—a course I walked in on was clearly a history course. And they had just started World War II, the history of. And here were all these kids just absorbed in a movie, an old black and white movie from the 40s, a movie like *GI Joe*—there were a number of classics at the time, during the war. And I thought what a way to introduce them. Because they were just glued to the screen. What I thought was, we had such a hard time getting schools interested in using clips. We weren't asking that they sit children down for an hour to watch Sesame Street as they might at home, but to use clips to illustrate certain things. And there was always this prejudice—and still is—against television in preschools. Now because of tablets that's breaking down a lot in grade school. And the usefulness of animations and clips with kids to teach, to make a point is so clear and yet the

prejudice is so great. And I was so impressed that Phoenix House, for older kids, understood exactly how to get them into church, as it were, in order to deliver the sermon.

Q: Well, thank you for that. So coming towards the conclusion here in terms of your engagement with Phoenix House. Now that Mitch has, of course, stepped down out of his role as President and CEO—there's Howard Meitiner there now—what are your hopes for the future of Phoenix House, of this organization with this leadership change that we've alluded to?

Ganz Cooney: Well, I think Mitch is still very involved and still does the fundraising. So it's hard to foretell the future of this leadership or of any leadership without Mitch, who has all these personal relationships all over the country. And he travels all the time and raises money all the time. And it's hard to imagine his role being replaced, anyone being able to take over that role. So I don't know what happens after Mitch, do you [to Peterson]? Because I don't think, the new CEO doesn't like fundraising and doesn't really do it. Do you have some thought of what would happen at the point that Mitch decided to retire?

Peterson: I'm prejudiced. [laughs] Just let me say something about my history here. When I started with Mitch—I think I'm correct on this—there was one Phoenix House and it was around the West Side somewhere.

Ganz Cooney: Yes.

Peterson: And today there are how many?

Q: Well, they're in at least nine states, and they've expanded recently. There's a huge amount of locations now: California, Texas, here—

Ganz Cooney: Yes, it's a national institution.

Q: And throughout New England, yes.

Peterson: And in some places more than one school.

Ganz Cooney: One facility, yes.

Peterson: So if you just look at this as you would a case study at Harvard, he's done a hell of a building job here of leadership. It's hard to know what someone else could do this until they've had a chance to try.

Ganz Cooney: Can do it without Mitch, because Mitch has been a partner with the new leadership, continuing his fundraising role, which is essential. So I think it's going to be tough at the point that Mitch decides to *retire* retire.

Q: So then going beyond the role of Mitch Rosenthal and thinking about the time that you put into Phoenix House as a result of your relationship with him, and thinking about the support that you've given Phoenix house, what are your hopes for what that might mean going forward, the programs you've funded, things like this beyond the role of Mitch? If you aren't sure what Phoenix House will be beyond Mitch, what do you hope it might be, what do you hope your contribution might be a part of going forward?

Ganz Cooney: Well, we would hope that it would thrive, that they would find leadership that would cause it to thrive. It's difficult to—I don't think the current leadership is adequate to run it and do the fundraising. So therefore, Mitch is a form of a partner still at Phoenix House. It's not called that, but he's the fundraiser. So at the point that he decides not to do it anymore, they'd have to have a very able CEO. What do you think?

Peterson: Well, you see, let's go back to the nature of my relationship, at least with this organization vis-à-vis the others. In the case of the Council, the case obviously was foundation. And in the case of the Peterson Institute I am deeply involved in substance. And therefore, I follow what they're doing, what they ought to be doing and what their new programs are and so forth. That isn't the case here. My support is very largely personal. And therefore, I just want Mitch to succeed. I don't have specific programs that I'm following. It's just in the aggregate how he's doing.

Ganz Cooney: And he asks favors. He'll ask Pete and me to chair a dinner out in the country. And Pete will make a very nice contribution. And that's more the relationship rather than to programs at Phoenix House. It's all what does Mitch ask, what does he want and can we help him? And it's usually chairing or making a donation.

Peterson: Or both. [laughs]

Ganz Cooney: Usually both. [laughs]

Q: Well then, thank you very much. Before we close out, is there anything else you'd like to say about the topics that we've discussed?

Ganz Cooney: No, I don't have anything more to say. Do you?

Peterson: No, I don't think so.

Q: Well, wonderful. Mr. Peterson, Mrs. Cooney, thank you for your time.

Ganz Cooney: Thank you.

[END OF INTERVIEW]