

AMERICAN OPINION

FOUNDATIONS
AND
TAX-FREE CASH

by Gary Allen and Harold Lord Varney
with Introduction by Stuart R. Crane

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AN INTRODUCTION

■ AMONG the greatest apocrypha of our time rank the myths that Communism and Socialism are movements of the working class to overthrow the rich, and that progressive taxation is a process for taking it from the rich and giving it to the poor.

The Income Tax was sold to the American people a half century ago as a tax of one percent per year on incomes in excess of \$100,000. Even then, the Carnegie Corporation and the Rockefeller Foundation were designed by the Carnegie and Rockefeller interests to protect those two giants from that small tax. And, as the years have passed, the super-rich have increased the number of their foundations, avoiding the Income Tax with all sorts of allowances and special deductions, even as our government takes thousands of millions of dollars from the humble workingmen of America. Last year, the Internal Revenue Service reported that those making over \$20 million paid less than seven percent in taxes, and half of those who made more than \$600,000 paid no Income Tax at all.

The myth concerning the working class overthrowing the rich should be transparent to everyone. The vastly wealthy foundations (exposed so brilliantly in the two articles you are about to read) have never opposed the movement Leftward; in fact, they have financed the schools and revolutionaries promoting Socialism and social upheaval. Always "Liberal" Administrations (which say they are representing the workingman) are led by "poor people" like multi-millionaire Franklin Roosevelt, multi-millionaire Lyndon Johnson, and multi-millionaire John Kennedy, and have made millionaires out of people like Dwight Eisenhower and scores of Senators and other "uplifters" of the downtrodden. The Leftward movement in our nation has been promoted not by the working class, the politically disenfranchised, the social nobodies, but has from its inception been supported by the economic, intellectual, social, and political "aristocracies" — often through the giant Foundations. That is what this booklet is all about.

The author of the first article here is the nationally respected journalist, Gary Allen. In his scores of articles for AMERICAN OPINION magazine, Mr. Allen has proved himself to be one of the country's finest analysts of revolutionary strategies. His book *Communist Revolution In The Streets* "tells it like it is" in a way designed to enable every citizen to understand what the revolution devouring America is really all about. Gary Allen is a graduate of Stanford University, a former instructor in history and English, and is now a film writer and a Contributing Editor of AMERICAN OPINION, as well as a celebrated lecturer and my personal friend. His article, "Foundations: Swindle, Treason, And Dodge," contains information you are not likely to find in any other contemporary source.

The second commentary in this monograph, entitled "Tax-Free Cash: How The Ford Foundation Finances Revolution," was authored by Harold Lord Varney, whose career in public affairs began as a speech writer for President Harding. He was advisor to the Republic of China in 1947 and 1948, and is President and Founder of the Committee on Pan-American Policy, Editor of *Pan-American Headlines*, and a Contributing Editor of AMERICAN OPINION magazine.

Gary Allen's article was published in AMERICAN OPINION for November 1969; Harold Lord Varney's in November 1968. I commend them to you for careful study.

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FOUNDATIONS

By Gary Allen

■ UNTIL recently, the title *foundation* evoked an aura of awe, prestige, and saintly philanthropy. The mere mention of the term, it seemed, would provoke in the masses of men colorful apparitions of angelic choirs, bespectacled packs of pedagogues, and boxcars of money being rushed to support wisdom and goodness in every form. Of late, however, the image of America's foundations has been dulled by charges that they are involved in tax-dodging, are financing black militants, and are being used as conduits for funding young bolsheviki to make the cow colleges safe for democracy. Nonetheless, the internal operations of these great preserves of un-taxed cash remain, for all their size and importance, a riddle wrapped in a mystery inside an enigma.

The power of the great foundations is so enormous as to stagger the imagination; in some areas it clearly exceeds even that of Congress. Yet the streetwalkers of the mass media, usually hungry for national scandal, have elected to regard the foundations as if they were booths at a charity bazaar run by Caesar's wife. The "sophisticated muckraking" that characterized the *Saturday Evening Post* in its dotage, since adopted by both *Look* and the sagging and Luceless *Life*, has yet to produce a single major venture into the verboten world of the foundations.

The man who has done most to try to expose this situation is the maverick Congressman Wright Patman, Chairman of the House Banking and Currency Committee. The irascible Patman, who is thought by many to have come to Congress about the time Daniel Webster entered the Senate, is an authentic Populist. Though a thorough-going Welfarist, he is no Establishmentarian by a rural mile. It is, in fact, difficult to determine which Patman hates the more — the New York bankers or the tax-exempt foundations. And, what Wright Patman hates he attacks with the fury of a Texas bull with the botts. The data he has collected is prodigious.

Foundations, as you know, are supposed to be not-for-profit corporations, or trust instruments, whose "purposes" coincide with federal laws on tax exemption in the fields of philanthropy, education, literature, religious activities, and scientific research. Although everyone admits their number is proliferating, no one has an accurate tabulation of how many are in existence. A Report issued in 1967 by Congressman Patman's Select Committee on Small Business explains:

The rapid growth in the number and size of tax-exempt foundations has been readily apparent for some years. The Internal Revenue Service reports an increase in numbers from 12,295 at the close of 1952 to a total of 45,124 at the end of 1960 — nearly a fourfold increase in 9 years. These figures may be incomplete. We do not know how many hundreds — or thousands — of foundations are in operation without the knowledge of the Treasury, but are nevertheless exempt from Federal income taxation

On July 21, 1964, Secretary of the Treasury C. Douglas Dillon testified to the fact that "the Treasury does not know how many foundations there are." This is because

most of them are *assuming* their tax-exemptions rather than filing with the Internal Revenue Service. The best guess is that there are about 100,000 tax-free foundations now operating in the United States.

A clue to the gargantuan economic power of these operations was provided by U.P.I. on July 19, 1969, when it noted that the income of the largest 596 foundations is more than twice the net earnings of the nation's *fifty* largest commercial banks. The annual income of the Ford Foundation alone exceeds that of the world's biggest banking institution. Total listed assets of the foundations filing with the federal government are in excess of \$18 billion, and well over half of these are concentrated in New York. This asset figure is, we know, considerably understated since many carry assets on their records at far less than market value, and their properties are often ascribed an arbitrary worth of one dollar in reports to the Treasury.

Ferdinand Lundberg estimates in his book *The Rich And The Super-Rich* that, as of early 1967, some 6,803 foundations controlled assets worth \$20.3 billion in market value. From these total assets, he says, the foundations make grants totaling but \$1.5 billion per year, retaining and investing the rest tax free.

The Internal Revenue Service watches over middle-class taxpayers with a zeal rivaling that of Jack Benny counting his money; but, when it comes to the great Leftist foundations, it is more than lackadaisical. As Dr. Martin Larson comments in his excellent book, *The Great Tax Fraud*:

The truth is that for many years it [I.R.S.] has never even required any reports from thousands of foundations which, like self-contained empires, go their way in complete contempt and defiance of Congress. And the IRS has demonstrated an extraordinary indifference to these huge aggregations of capital often operating in flagrant violation of law, and enjoying vast immunities at the expense of the general public. The lack of statistical information relating to foundations . . . is appalling. IRS audits are a "complete, dismal failure." Some foundations had submitted no reports for 35 years. Foundations ignore regulations, even after an audit, and the IRS does not even try to collect the taxes it says are due.

This ho-hum attitude on the part of the Internal Revenue Service quickly disintegrated, however, when a Conservatively oriented group in Illinois, calling itself Americans Building Constitutionally (A.B.C.), began holding public meetings to advocate that small businessmen and professional people take advantage of the laws used by the Left and the super-rich to avoid income, inheritance, and estate taxes. The I.R.S. performed monumental investigations to harass everyone involved, and all A.B.C.-formed foundations were declared automatically non-tax-exempt. This, despite the fact that the most careful sort of investigation by the Internal Revenue boys produced no federal charges. To ensure destruction of the group, the State of California tried the principals of A.B.C. for fraud on a hoked-up charge involving not foundations but a trust agreement. They were convicted by a jury of which nine of the twelve members either worked for the government or had members of their immediate family employed by the government. The judge assessed fines, suspended sentences on the misdemeanor charges, and an appeal is pending.

The founders of A.B.C. had been naïve, underestimating the power of the tiger whose tail they had grabbed. The foundations game is reserved for the Leftist elite and the non-ideological. Conservatives have found that they must spend as much time and money to fight government harassment of their foundations as they could save in

taxes. In fact President Nixon's new "tax reforms" contain proposals to keep new Conservative camels from joining the Leftist herd inside the tent. Sauce for the "Liberal" dromedary, it seems, is tabasco for the Conservative camel.

However, if you are part of the Establishment elite, the world of the foundations becomes a magnificent place in which to live and conduct business. While ordinary businessmen, harassed in their dealings by swarms of bureaucrats, must now labor forty percent of their time for the government, the elite luxuriate in a virtually tax-free world of *laissez-faire* capitalism where their fortunes can accumulate without diminution by the progressive income-tax and the estate and inheritance taxes which keep the middle-class in its place.

As *Business Week* has observed: "The real motive behind most private foundations is keeping control of wealth." In the foundation world, where "not-for-profit" really means "not-for-taxation," one exchanges ownership for control. For example, your foundation might own an automobile, but you would have the use of it. Dr. Martin Larson lists six advantages of the foundation business:

When a foundation is established (1) the property conveyed to it is a deductible contribution to charity; (2) upon the death of the donor, it is immune to all inheritance and estate taxes; (3) the fortune or business remains intact; (4) if the donor is a parent-company, this continues in business exactly as before; (5) the foundation itself is exempt from all taxation in perpetuity; and, (6) the individuals who comprise the interlocking directorate or management are in a strategic position to enrich themselves by transactions which, though neither charitable nor ethical, are, nevertheless, quite legal; and, even if not, may be practiced with virtual immunity.

There are even further advantages. The foundation can buy, sell, or hold real estate and securities. Congressman Patman has charged that some foundations act in concert, using their enormous portfolios to perform maneuvers which used to be indelicately known as "rigging the stock market." They can also make loans at low interest rates to the donor, and can hire the donor and his relatives to run the foundation and provide them with fat salaries and fringe benefits.

Just how many billions of dollars in federal taxes are each year shifted to the middle-class in order to support the foundation machinations of the super-rich is not known for certain. In *The Great Tax Fraud*, Dr. Larson estimates the cumulative figure at upwards of \$50 billion. He notes of the giant Ford Foundation, for example:

By its creation, estate taxes totalling at least \$1.6 billion were avoided; and during the last 20 years its income, including capital gains, has averaged about \$300 million The creation of the Ford Foundation, therefore, has already cost the federal Treasury something like \$8 or \$10 billion.

Congressman Patman's concern, says Warren Weaver in *U.S. Philanthropic Foundations*, is that the "rapidly increasing concentration of economic power in foundations" is far more dangerous than any previous concentration of such power in our nation's history. The unregulated foundations are a "natural" as a cover for illicit activities.

The rich stay rich by avoiding the taxes which prevent the middle-class from becoming wealthy. In fact, the best-known foundations were established for the purpose of preserving intact certain huge family fortunes. "Of which," writes Professor Larson, "seventy-seven percent would otherwise have been seized by the federal

government, in addition to inheritance taxes by the states.” Often a single family establishes a cluster of foundations, some of which are used for philanthropic purposes, real or otherwise, and others for business purposes. The Fords are known to have seven foundations, the Carnegies five, the Mellons six, and the Rockefellers fourteen. There is even a Playboy Foundation, in which Hugh Hefner’s tax-free dollars can multiply like bunnies.

Just how many foundations the Kennedy family has is not public information, though the number of them is known to be considerable. An internationally respected attorney who specializes in foundation work told *AMERICAN OPINION* that every child born into the Kennedy family is provided with a foundation and trust at birth. Thus, though the Kennedys possess enormous wealth, very little of it is in their own names. That is why, this attorney reports, after the murders of John and Robert Kennedy there were no lengthy and expensive probates of their estates. Even though each was extremely wealthy, the bulk of their assets were held in trust by their foundations, and therefore not technically owned by either.

Naturally, the boards of directors of the Kennedy foundations are loaded with Kennedys. The family has relinquished ownership of assets in order to retain control, tax free. Even the Kennedy homes at Hyannis Port and Miami are reported to be owned by their foundations and trusts, as is the family yacht and Teddy’s airplane. When a Kennedy needs a vacation, he or she gets a grant from The Rose Kennedy Foundation for Retarded Children to cover expenses. Before her remarriage, Jacqueline Kennedy often jetted to Majorca on such grants, made a perfunctory visit to a children’s hospital for the benefit of photographers and to “justify” the grant, and then enjoyed the sun, the water-skiing, and whatever “yacht research” interested her.

Not too surprisingly, the Kennedys’ wealth-producing enterprises are also owned by foundations. The Merchandise Mart of Chicago, the nation’s Number One income-producing building, is the property of the Joseph P. Kennedy Jr. Foundation (hidden behind a trust named for one of Joseph Sr.’s assistants). As such, it pays *no* corporate income-tax. Until the Kennedy brothers became important in politics, no real-estate taxes were paid on the Merchandise Mart either, though it was decided in 1960 to pay a token tax of about one-seventh the normal rate so that the family would not be accused of dodging taxes.

One is amused to note the Kennedys making political capital by accusing others of tax evasion. In July of 1967 an article syndicated by the North American Newspaper Alliance carried precisely such an accusation by Robert Kennedy. Senator Kennedy was furious that Nelson Rockefeller, who advocates every scheme known to man which might increase taxes for the rest of us, had for the year 1966 paid the grand total of \$685 in personal income-taxes. Those who wish to send food or old clothing to aid the Rockefeller family should address their donations to The Rockefeller Foundation, Rockefeller Plaza, New York City.

Many Americans have wondered how Lyndon Johnson managed to accumulate something like \$14 million in assets while employed as a public servant. Virtue may be its own reward, but L.B.J. preferred to make sure with a foundation – set up by his personal attorney, one Abe Fortas. *U.S. News & World Report* of July 24, 1967, tells us:

Here in Johnson country, there is a growing belief that the President and his family, when they leave the White House, will head a multimillion dollar empire resting on three legs – land, broadcasting and banking . . .

About 2.6 million dollars worth of bank stock have been acquired by trust funds that the Johnsons created . . .

If the relationship of Brazos-Tenth Street [a holding company] to Mr. Johnson is something of a mystery, that is not the case with the two trust funds, which now hold substantial blocks of bank stock and which were created by the Johnsons.

The Johnson City Foundation is a "charitable" trust set up by Mr. and Mrs. Johnson in 1956 with a donation of \$100. Most of the foundation's funds have come out of the earnings of the broadcasting company in the form of tax-free contributions. The foundation, in turn, has never used more than a small part of its income for charitable donations and now has a substantial portfolio of stocks, mineral rights and loans.

The article continues with a long list of very profitable assets being sequestered inside Lyndon's non-profit "philanthropies." After all, for those with the political and financial muscle, the world of the "not-for-profit" foundations is an isolated planet of privacy and *laissez-faire* capitalism in an otherwise socialist galaxy. But, alas, the world of the tax-free is enjoyed in the main by those who have done most to create the socialist environment in which the rest of us are being alternately frozen and scorched.

The terrible part of this business is that the economic fraud permitted the foundations — though maddening to the middle-class taxpayers who are aware of it — is the *least* malignant part of the foundation picture. It is the political and social impact of these foundations which is devastating. So serious is the matter, in fact, that even the irascible Congressman Patman has dared not venture into such affairs, knowing that the trail is littered with the bleached bones of dozens of imprudent Congressional investigators who have sought to reveal how the *Insiders* are using the foundations in their grab for complete domination of the United States.

The first of the Congressional Committees to attempt such an investigation was the Cox Committee, created in 1952 under the leadership of Congressman Eugene E. Cox, a Democrat from Georgia. Warren Weaver notes in *U.S. Philanthropic Foundations* that the official purpose of this Committee was to determine which "foundations and organizations are using their resources for purposes other than the purposes for which they were established, and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities or for purposes not in the interest or tradition of the United States."

"Liberal" Democrats in control of Congress first delayed the appropriation of funds for the Cox Committee, then gave it only six months to conclude an investigation that would require years to complete. Cox hoped to expose the foundation fraud and the subversives behind it; but, as Dwight MacDonald has pointed out, "the strategy misfired, because the Democratic leaders, who were still in control of the House, boxed the impeccably Americanistic chairman with less dedicated colleagues." It was all-out war — with *billions* involved. The first battle ended with a serious casualty. Congressman Cox fell gravely ill during the investigation and died. Without his leadership, the Committee Report became a whitewash.

One member of that Committee refused to be a party to the coverup. He was Congressman Carroll Reece of Tennessee, a former Chairman of the Republican National Committee and one of Robert Taft's campaign managers, who at once demanded a new investigation.* The mandate for the Reece Committee was similar to that afforded Cox, except that it was also empowered to investigate whether foundations were being used "for political purposes, propaganda, or attempts to influence legislation."

*Coincidentally, Congressman Reece died soon after the termination of *his* investigation.

The Establishment was frantic that its sacred cows might be butchered. The *Washington Post*, never before known for its sense of public frugality, screamed that the Reece probe was “wholly unnecessary” and was “stupidly wasteful of public funds.” The heat was on. So much so that when in a speech on the floor of Congress Mr. Reece referred to a “conspiracy,” his use of the term brought down on his head an avalanche of anger and ridicule from virtually the entire Establishment Press. At the same time, the foundations unleashed an enormous barrage of vilification against the probe.

While the Press was shouting “McCarthyism,” Leftists in the Republican Party were working behind the scenes to kill the investigation. As René Wormser, counsel for the Reece Committee, noted in *Human Events* for July 5, 1969:

A Republican President [Eisenhower] sat in the White House. The House of Representatives and all its committees were Republican controlled. Mr. Reece was a distinguished and important Republican . . . Yet, when a committee of five members was appointed to conduct the foundation investigation, Mr. Reece found that, of the four others appointed with him, three had been selected from among members of the House who had voted against the investigation.

The Administration also tried to strangle the probe by withholding funds. Wormser tells of the Committee’s money problems in his excellent book, *Foundations: Their Power And Influence*:

The Administration Committee met and recommended a reduced appropriation of \$50,000 instead of the \$125,000 which Mr. Reece had requested. No one in his right mind expected that this would carry the Committee through its year and a half of life, for the Cox Committee spent \$50,000 in about six months. So the Reece Committee was given \$50,000 with the expectation that it would apply at the end of the calendar year [1953] for an additional appropriation to carry through a full remaining year of work.

After the appropriation was requested, there were months of Congressional stalling, forcing postponement of testimony. Finally, a greatly reduced amount was allocated with the provision that Congressman Reece discharge two of his top investigators who were poking too close to matters of vital interest to the *Insiders*. Wormser writes that the months of work done by these two men, among the most important of the entire investigation, went down the drain. The evidence they gathered was never introduced.

The key agent in Establishment efforts to break up the investigation was Congressman Wayne Hays of Ohio, a member of the Committee. During the inquiry, two tennis-shoe types decided to play Agatha Christie and began trailing Hays. They discovered that he went to the same Washington hotel for a closed luncheon on a specific day each week. Dressing as cleaning women, the ladies investigated and established that Hays was reporting to representatives of several major foundations. René Wormser comments in *Human Events* on the Hays tactics:

Mr. Hays showed himself exceptionally adept at disruption. He resorted to constant interruption 246 times, for example, in one session of 185 minutes. He refused to obey rules of the committee. He insulted and vilified witnesses, counsel to the committee and committee members themselves. His intransigence finally caused a termination of the hearings.

The brazen Congressman Hays even explained the purpose of his conduct to Counsel Wormser. Mr. Wormser notes in his book: "... Mr. Hays told us one day that 'the White House' had been in touch with him and asked him if he would cooperate to kill the committee."

The White House had good reason to fear the Reece investigation. Not only did the President have a highly vulnerable foundation in which he had placed his assets in trust, but many members of Ike's "palace guard" — men like C.D. Jackson, Paul Hoffman, Sidney Weinberg, and Bernard Baruch — were deeply involved in the foundation apparatus. By using Hays as a front man, the *Insiders* stifled the probe. Not, however, before much shocking information was unearthed.

Because of limited time, staff, and money, the Reece Committee was forced to concentrate its investigation on various Rockefeller and Carnegie foundations, and on the huge Ford Foundation. While the Ford apparatus is a comparative late-comer, the Carnegie-Rockefeller complex dates back to shortly before the imposition of the income-tax in 1913.

One quite naturally assumes that the graduated income-tax, the second plank of the Communist Manifesto, would be opposed by the wealthy. The fact is that many of the wealthiest Americans supported it. Some, no doubt, out of altruism and because at first the taxes were very small. But others backed the scheme because they already had a plan for permanently avoiding both the income-tax *and* the subsequent inheritance tax.

What happened was this: At the turn of the century the Populists, a curious breed of rural socialists, were gaining strength and challenging the power of the New York bankers and monopolist industrialists. While the Populists had the wrong answers, they were asking many of the right questions. Unfortunately, they were led to believe that the banker-monopolist control over government, which they opposed, was a product of free enterprise.

Since the Populist threat to the cartelists was from the Left, there being no organized political movement for *laissez-faire*, the *Insiders* moved to capture the Left. As Professor Carroll Quigley discloses in his book *Tragedy And Hope*:

*More than fifty years ago the [J.P.] Morgan firm decided to infiltrate the Left-wing political movement in the United States. This was relatively easy to do, since these groups were starved for funds and eager for a voice to reach the people. Wall Street supplied both. . . . There was nothing really new about this decision, since other financiers had talked about it and even attempted it earlier. What made it decisively important this time was the combination of its adoption by the dominant Wall Street financier, at a time when tax policy was driving all financiers to seek tax-exempt refuges for their fortunes **

Radical movements are never successful unless they attract big money and/or outside support. Oswald Spengler, the greatest historian of the Twentieth Century, was one of those who saw what American "Liberals" refuse to see — that the "Left" is controlled by its alleged enemy, the malefactors of great wealth. He wrote in his monumental *Decline And Fall Of The West*:

*Carroll Quigley, *Tragedy And Hope*, The Macmillan Company, New York, 1966, Page 938. This volume, written by a man who considers himself part of the Establishment elite, contains so much history of the financial machinations of the *Insiders* in both America and Europe that some students of international conspiracy believe it to be a textbook for up-and-coming *Insiders*. I heartily recommend it to the serious student of conspiracy.

There is no proletarian, not even a Communist, movement, that has not operated in the interests of money, in the directions indicated by money, and for the time being permitted by money – and that without the idealists among its leaders having the slightest suspicion of the fact.

The English historian Hilaire Belloc, in his book *The Servile State*, predicted fifty years ago that Monopoly Capitalism and Socialism would, in effect, join hands to establish a new “servile civilization.” This was also the theme of Marxist Joseph A. Schumpeter in *Capitalism, Socialism And Democracy*.

While the Populist movement was basically non-conspiratorial, its Leftist ideology and platform were made to order for the elitist *Insiders* because it aimed at concentrating power in government. The *Insiders* knew they could control that power and use it to their own purposes. They were not, of course, interested in promoting competition but in restricting it. Professor Gabriel Kolko has prepared a lengthy volume* presenting the undeniable proof that the giant corporate manipulators promoted much of the so-called “progressive legislation” of the Roosevelt and Wilson eras – legislation which was ostensibly aimed at controlling their abuses, but which was so written as to suit their interests. In *The Triumph Of Conservatism* (by which Kolko mistakenly means big business) he notes:

... the significant reason for many businessmen welcoming and working to increase federal intervention into their affairs has been virtually ignored by historians and economists. The oversight was due to the illusion that American industry was centralized and monopolized to such an extent that it could rationalize the activity [regulate production and prices] in its various branches voluntarily. Quite the opposite was true. Despite the large number of mergers, and the growth in the absolute size of many corporations, the dominant tendency in the American economy at the beginning of this century was toward growing competition. Competition was unacceptable to many key business and financial interests

The best way for the *Insiders* to eliminate this growing competition was to impose a progressive income-tax on their competitors while writing the laws so as to include built-in escape hatches for themselves. Actually, very few of the proponents of the graduated income-tax realized they were playing into the hands of those they were seeking to control. As Ferdinand Lundberg notes in *The Rich And The Super-Rich*:

What it [the income tax] became, finally, was a siphon gradually inserted into the pocketbooks of the general public. Imposed to popular huzzas as a class tax, the income tax was gradually turned into a mass tax in a jujitsu turnaround

The *Insiders*' principal mouthpiece in the Senate during this period was Nelson Aldrich of Rhode Island, the maternal grandfather of Nelson Aldrich Rockefeller. Lundberg says that “When Aldrich spoke, newsmen understood that although the words were his, the dramatic line was surely approved by ‘Big John’ [D. Rockefeller]” In earlier years Aldrich had denounced the income tax as “communistic and socialistic,” but in 1909 he pulled a dramatic and stunning reversal. The *American Biographical Dictionary* comments:

*Gabriel Kolko, *The Triumph Of Conservatism*, The Free Press, New York, 1963.

Just when the opposition had become formidable he [Aldrich] took the wind out of its sails by bringing forward, with the support of the President, [Taft] a proposed amendment to the Constitution empowering Congress to lay income taxes.

Howard Hinton records in his biography of Cordell Hull that Congressman Hull, who had been pushing in the House for the income-tax, wrote this stunned observation:

During the past few weeks the unexpected spectacle of certain so-called "old-line conservative" [sic] Republican leaders in Congress suddenly reversing their attitude of a lifetime and seemingly espousing, through ill-concealed reluctance, the proposed income-tax amendment to the Constitution has been the occasion of universal surprise and wonder.

The escape hatch was now ready. By the time the Amendment had been approved by the states, the Rockefeller and Carnegie foundations were in full operation.*

It is not insignificant that right on the heels of the first income-tax law (October, 1913) came the centralization of banking under the Federal Reserve Act (December, 1913), designed by a German-born international banker named Paul Warburg, whose partner and brother-in-law (Jacob Schiff) financed the Russian revolution to the tune of \$20 million dollars.† This too, though also demanded in the Communist Manifesto, was pushed politically by Nelson Aldrich under the guise of a plan to take financial power away from Wall Street.

The Federal Reserve Act opened the floodgates for an ever-expanding national debt, and the creation of an income-tax guaranteed the ability of the government to pay the interest on the debt to the New York bankers who promoted the Federal Reserve Act and who hold the largest proportion of the debt. It would be the height of *naïveté* to think that it all happened this way by accident.

The personal motives of Rockefeller and Carnegie for setting up their foundations are, of course, a matter of speculation. Taxation was obviously in the wind, but income and inheritance taxes remained nominal until the New Deal. Rockefeller was desperately in need of a public relations job and Carnegie was up to his neck in schemes to bring on world government. In *Fifty Great Americans*, Henry and D.L. Thomas write of the latter:

There is bound to be universal peace, he believed, through the final interlocking of the national interests throughout the world. At first a coalition of America and England – a union of the English-speaking race. Then a United States of Europe. And finally a unification of the entire human race.‡

Whether Carnegie and Rockefeller were themselves *Insiders*, or were manipulated from behind the scenes by world bankers and the agents of international law firms like

*Prior to 1910 there were only eighteen American foundations. In the next decade 76 were launched, in the 1920s 173, in the 1930s 288, in the 1940s 1,638, and in the 1950s 2,839. As taxes have increased so have the number of foundations. (Lundberg, Page 416.)

†See the *New York Journal-American* for February 3, 1949.

‡Henry and D.L. Thomas, *Fifty Great Americans*, Doubleday & Company, New York, 1948, Page 241. For further information on the Carnegie-Cecil Rhodes plan to reunite the United States and Britain, see my article, "C.F.R.," in *American Opinion* for April 1969; Carroll Quigley's *Tragedy And Hope*; and, C.O. Garshwiler's *Sir Andrew Carnegie And Cecil J. Rhodes*.

Sullivan & Cromwell (the law firm of the *Insiders* for over six decades) is moot. * It was not long, however, until Leftist elements from within the *Insider* elite had seized control of the endowments of both Rockefeller and Carnegie and began using them to promote collectivism and world government.

From the beginning, the Rockefeller and Carnegie foundations worked closely together with a strong interlock in philosophy, legal consultants, and staff. René Wormser takes note of this on Page 58 of his book:

Overlapping of foundation administrators is an old story. In his foundation, John D. Rockefeller employed some of the same men to whom Andrew Carnegie had entrusted his endowments.

No doubt about it. The foundation efforts of both were being run by the same *Insiders*. While these foundations have done much legitimate good for humanity in the fields of medicine, public health, and scientific inquiry, this has provided a cover for the enormous harm they have done in the spheres of international relations, the social sciences, and education.

The Carnegie and Rockefeller foundations jumped into the financing of education and the social sciences with both Left feet. For example, foundations (principally these two) stimulated two-thirds of the total endowment funding of all institutions of higher learning in America during the first third of this century. "The major portion" of the monies they were responsible for were "concentrated in some 20 of these institutions." † During this period the Carnegie-Rockefeller complex supplied twenty percent of the total income of colleges and universities and became in fact, if not in name, a sort of U.S. Ministry of Education. The result was a sharp Leftward turn. As René Wormser reports:

A very powerful complex of foundations and allied organizations has developed over the years to exercise a high degree of control over education. Part of this complex, and ultimately responsible for it, are the Rockefeller and Carnegie groups of foundations.

These foundations were, by way of grants amounting to hundreds of millions of dollars, responsible for the nationwide acceptance of socialist John Dewey's theories of progressive education and permissiveness — the products of which are now being seen marching on our college campuses. Since America's public school system was decentralized, the foundations had concentrated on influencing schools of education

*Sullivan & Cromwell, the firm representing Standard Oil and many other giants, is a story in itself. Howard Ambruster writes in *Treason's Peace* (the story of I.G. Farben), Beachhurst Press, New York, 1947: "An aspect of this which has provoked comment is the fact that the J. Henry Schroeder Bank acted as financial agent for the Nazi government just prior to the start of the war and also was reported to be a financial backer for one of the firm's Farben international nitrogen cartels. Also the London Schroeder Bank had close business and family ties with the notorious General Kurt von Schroeder of the Stein Bank of Cologne, Germany. That particular member of the clan having been one of the strongest financial links between Hitler and his Farben industrial backers. By another coincidence [*sic*], Sullivan & Cromwell, the law firm of John Foster Dulles (advisor to Mr. Crowley as custodian and counsel for General Dye Stuff stock claimants) is also reported to be counsel for the Schroeder Bank. And Allen W. Dulles, brother of John Foster, a member of that law firm, is, likewise, one of the directors of the J. Henry Schroeder Bank." The Dulles brothers were cousins of the Rockefellers, and I.G. Farben is now reportedly Rockefeller-controlled. Of course, all this is no doubt coincidental!

†Ernest V. Hollis, *Philanthropic Foundations And Higher Education*.

(particularly Columbia, the spawning ground for Deweyism), and on financing the writing of textbooks which were subsequently adopted nationwide. These foundation-produced textbooks were so heavily slanted in favor of socialism that Wormser concluded, "It is difficult to believe that the Rockefeller Foundation and the National Education Association could have supported these textbooks. But the fact is that Rockefeller financed them and the N.E.A. promoted them very widely."*

The Carnegie foundations have been just as effective at subverting American education over the past fifty years. The Carnegie Corporation, for example, invested \$340,000 in what the Reece Committee termed "a socialist charter for education." This amazing document, prepared by the Commission on Social Studies of the American Historical Association, concluded:

Cumulative evidence supports the conclusion, that, in the United States as in other countries, the age of individualism and laissez faire in economy and government is closing and that a new age of collectivism is emerging.

Harold Laski, the British Fabian Socialist who was later a tutor of John F. Kennedy, hailed the Carnegie-financed charter in these words:

At bottom, and stripped of its carefully neutral phrases [sic] the report is an educational program for a socialist America.

The Carnegie Corporation did not denounce this call for the socialization of America, but praised the Commission in the highest terms in its 1933-1934 Annual Report. Little wonder that Reece Committee Counsel Wormser says evidence compiled during and after the Reece investigation of foundations:

... leads one to the conclusion that there was, indeed, something in the nature of an actual conspiracy among certain leading educators in the United States to bring about socialism through the use of our school systems To the extent that the movement to suborn our schools was heavily financed by leading foundations, through the Lincoln School, the Progressive Education Association, the John Dewey Society, units of the National Education Association, and other organizations, these foundations must be held largely accountable for the success of the movement. It is impossible to believe that the countless public utterances of these organizations and their leaders which made their program utterly clear, did not penetrate into the administrative consciousness of the managers of the foundations which subsidized them.

Congressman Cox had denounced these foundations in even stronger terms. He named in particular the Rockefeller Foundation "whose funds have been used to finance individuals and organizations whose business it has been to get communism into the private and public schools of the country, to talk down America and play up Russia"

*For further details, including names and examples, see Wormser, Pp. 156-169. There he notes among other examples a Rockefeller grant of \$50,000 to produce for the public schools a series of textbooks called *Building America*. These were so obviously Communist propaganda that the California Legislature refused to appropriate money for them and issued a Report saying that they were not only designed to down-grade America, but "contain purposely distorted references favoring Communism"

Closely related to the work of these foundations in education was their promotion of a concept among social scientists which has come to be called "the new morality." The Reece Committee concluded:

*It seems to this Committee that there is a strong tendency on the part of many of the social scientists, whose research is favored by the major foundations, toward the concept that there are no absolutes, that everything is indeterminate, that no standards of conduct, morals, ethics and government are to be deemed inviolate, that everything, including basic moral law, is subject to change, and that it is the part of the social scientists to take no principle for granted as a premise in social or juridical reasoning, however fundamental it may heretofore have been deemed to be under our Judeo-Christian moral system.**

Yale Professor David N. Rowe, an internationally respected historian, testified before the Reece Committee:

I think that the development of the social sciences in this country in the last 40 or 50 years has been very heavily influenced, in my opinion, by ideas imported from abroad, which have been connected with, if not originated in, socialistic mentality I think it must be kept in mind that the theory of social engineering is closely related to the notion of the elite which we find dominant in Marxism, the notion that a few people are those who have the expertness and that these people can engineer the people as a whole into a better way of living, whether they like it or want it or not

These social engineers, the product largely of foundation money, have not only captured control over higher education in America, but have become so powerful in government that Wormser claims they "constitute a fourth major branch of government." He says:

They are the consultants of government, the planners, and the designers of governmental theory and practice. They are free from the checks and balances to which the other three branches of government . . . are subject. They have attained their influence and their position in government mainly through foundation support

The total impact of foundations upon American education is virtually incalculable. Norman Dodd, chief investigator and director of research for the Reece Committee, told this author during our conversations in New York:

"The result of the development and operation of the network in which Foundations have played such a significant role seems to have provided this country with what is tantamount to a national system of education under the tight control of organizations and persons little known to the American public.

"The principles upon which this country was founded are now held in scorn as a result of the changes fostered by the foundations' control of education. The foundations have been able to take the philosophy upon which American civilization was based and turn it into its opposite. The foundations are fostering under the guise

*The Rockefeller Foundation also financed the Kinsey Report which has been, and is being, used as a justification for the "new morality" in sex. (See Wormser, Page 100.)

of public spirited largesse, a theory and philosophy totally divorced from that of the Founding Fathers.

"A joining of the power of the law with that of wealth has been used to wean us from our loyalty to the principles of individual liberty. Today this fact is so glaringly obvious that it can hardly be denied, yet anyone calling attention to it publicly is subject to ridicule by the academy and the captive press.

"Wealth controls culture. Since their inception, the foundations have used their wealth to change American culture to one of collectivism. If a nation is going socialist, it is not merely because of labor unions or street agitators; but, amazing as it seems to those who have not studied it, because wealth, improperly used, has altered the culture of the nation and led it to the Left."

That statement should be in boldface!

Not content with socializing America, the Rockefeller and Carnegie foundations have also financed the socializing of England and China. The hothouse for British Socialism has long been the London School of Economics, launched in 1895 by Sidney Webb, a founder of the Fabian Socialist Society. The London School has, of course, been endowed and subsidized by American "capitalists." Its heaviest contributor through the years has been the Rockefeller Foundation, which in 1923 contributed £6,000 to the building fund and for years provided an annual grant of £5,000 for teaching and research. At that time, the London School was in financial difficulties and Rockefeller money helped keep it alive.

Once committed, the Rockefeller contributions snowballed. In 1925 the Foundation gave the London School of Economics £20,000 for its library. In 1926, it contributed an additional £36,000 for the building and library fund and £144,000 for developing the work of the London School. In 1930, the Foundation gave another £100,000 for buildings, and promised £6,000 per annum for graduate studies. From 1934, until at least the early 1950s, the flow of Rockefeller money was continuous. In 1949, even after the Socialists came to power, the Rockefeller Foundation allocated \$50,000 to the Fabian Socialists' London School of Economics for special projects.

The Rockefellers have not been alone in underwriting this Socialist institution. Another American foundation, the Carnegie United Kingdom Trust, gave £10,000 in 1923 and another £3,000 in 1925. The London School also received lavish support from a J.P. Morgan & Company fortune through Mrs. Ernest Elmhirst, widow of Morgan partner Willard Straight. Straight had founded the socialist magazine *New Republic* which has done much to sell Fabian Socialism to American college students and "intellectuals."*

The Rockefeller Foundation also poured vast sums into the London School's American counterpart, the pro-Communist New School for Social Research in New York City. † The interior walls of this Rockefeller-financed institution were decorated by Communist muralist Ocozco with portraits of Lenin, Stalin, and marching Soviet soldiers.

As the causes of the Communist triumph in China became clear, it was apparent that the Rockefeller Foundation, which for four decades exercised a powerful influence over China's educational policies, bears a large share of the guilt. Rockefeller

*See Quigley, Pp. 938-941, for the story of how the elite super-rich financed this magazine which, according to *Reader's Digest* editor Eugene Lyons, became the foremost apologist in American for Stalinist Russia during the 1930s. See also the chapter entitled "The Liberals Invent A Utopia" in Lyons' *The Red Decade*.

† See Frank Hughes, *Prejudice And The Press*, Devin-Adair Company, New York, 1950.

bankrolled the Yenching University in Peiping, which has the dubious honor of being the *alma mater* of Chou En-lai, the Communist Premier of China. Yenching, which prided itself on being the "Harvard of China," had a faculty which bristled with Communists and pro-Communists. Some of the strange birds hatched there include Owen Lattimore, described by the Senate Internal Security Subcommittee as a "conscious articulate agent of the Communist conspiracy," Harvard's Mao-admiring John K. Fairbank, and Dirk Bodde, a pro-Mao traveling fellow of the Harvard-Yenching Institute (Rockefeller financed).

During most of the years in which a Communist takeover in China was being prepared, Rockefeller policies there were determined by Jerome D. Greene, a Boston banker who was a top advisor of John D. Rockefeller Jr. He was one of the founders of the Communist Institute of Pacific Relations, to which the Rockefeller and Carnegie foundations gave *millions* of dollars, and served as a member of the executive committee for the American Counsel of the Communist I.P.R. from 1927 to 1939. Greene represented the Rockefeller interests at Yenching.

It is in this field of influencing foreign policy and promoting the concept of world government to replace American sovereignty that the foundations have played their most debilitating role. World government is a cherished goal of the *Insiders*, for it is necessary if they are to be assured control of all world markets, transportation, and natural resources.

While the monetary muscle for this movement has been supplied by the Rockefeller Foundation, the Ford Foundation, and the Carnegie Corporation, much of the intellectual emphasis and implementation has come through the Carnegie Endowment for International Peace. Andrew Carnegie, who was born in Scotland and never became an American citizen, dreamed of a world government and established the Carnegie Endowment to further that purpose. The key to the effort was to be America. And the key to America, according to Reece Committee investigator Norman Dodd, was "securing control over America's diplomacy by placing foundation-controlled internationalists in positions where they could dictate American foreign policy." By 1934, the Carnegie Endowment boasted in its *Yearbook* that it was "an unofficial instrument of international policy, taking up here and there the ends of international problems and questions which the governments find it difficult to handle, and . . . reaching conclusions . . . which officially find their way into the policies of government."

The Carnegie operators were, however, mightily affecting American foreign policy long before 1934. Proof of this came in possibly the most explosive information discovered by Reece Committee investigators — material so hot that it was never admitted into the Hearings. I refer to the minutes of the Board Meetings of the Carnegie Endowment for 1910 and 1911 — most specifically, to the extended discussion there on the topic of "how to alter society." The conclusion of these *Insiders* was that the most rapid and effective way to bring about social change and pave the way for world government was . . . through *war*. The "peace" foundation thus determined at those meetings that it must do everything possible to get the United States to renounce its traditional policy of non-intervention in Europe's affairs and become involved in the conflagration which was then being brewed for Europe.

In implementing this, says Norman Dodd, the Carnegie people "were powerful enough to control our diplomatic machinery, and in that way generate the circumstances, or contribute to the circumstances, which ultimately would lead to war." Wormser obliquely refers to these minutes on Page 204 of his book, when he says Dr. Nicholas Murray Butler, President of the Endowment and a close associate of

J.P. Morgan, “decided that the best way to establish peace was to help get the United States into the War.” However, he does not mention that this decision was reached before there even was a war; a fact, we are told, which the prudent Mr. Wormser felt was too hot a potato to handle.

Out of World War I the *Insiders* hoped to evolve a world super-State. But, America came out from under the ether of the Carnegie Endowment’s internationalist propaganda and the Senate refused to consent to U.S. participation in the League of Nations. Even though the *Insiders* didn’t get their World Government, World War I did produce Communist revolution in Russia and the sowing of the seeds at Versailles which were to blossom into a Nazi Germany and World War II – two milestones on the road to what is euphemistically called “world order.”

After the World War, the Carnegie Endowment concentrated on propagandizing to build what Nicholas Butler called “the international mind.” According to Catherine Casey, an attorney and investigator for the Reece Committee, “There was no hesitation, in its [*the Endowment’s*] minutes, for example, at using the term ‘propaganda.’ Its eventual Division of Intercourse and Education was originally referred to as the ‘Division of Propaganda.’” In 1925 the annual Report of the Carnegie Endowment for International Peace declared:

Underneath and behind all these undertakings there remains the task to instruct and to enlighten public opinion so that it may not only guide but compel the action of governments and public officers in the direction of constructive progress [i.e., toward world government].

The first President of the Endowment was Elihu Root, the Russophile and former Secretary of State who led the fight for the League of Nations; he was succeeded in 1925 by Nicholas Murray Butler, a top international conspirator who was President of Columbia University and a prominent Republican radical; Butler’s successor was even *more* interesting. He was, of course, Soviet spy Alger Hiss,* who headed the Endowment from 1946 to 1949, and was named to that post even after Carnegie trustees had been briefed on his activities as a Communist agent. Hiss, who was instrumental in the founding of the United Nations and was its first Secretary General, was sponsored for his job at the Endowment, according to Whittaker Chambers, by John Foster Dulles of the law firm of Sullivan & Cromwell. Dulles later became Secretary of State under President Dwight Eisenhower, himself a director of a Carnegie foundation.†

The current President of the Endowment is Joseph E. Johnson, a close friend of Alger Hiss who had been his chief assistant in the State Department. Ironically, Johnson was selected by Richard Nixon, who helped put Hiss behind bars, to act as a top advisor in the selection of the Nixon Cabinet. The *Government Employees’ Exchange* (a widely circulated Washington newspaper for government personnel) reported in its issue for November 27, 1968, that Johnson is known by “knowledgeable C.I.A. and State Department officials” as the “Permanent Unofficial Secretary of State.” It will not surprise you to learn that Mr. Johnson is a member of the Board of Directors of the Council on Foreign Relations. *Government Employees’ Exchange* tells us of Joseph E. Johnson:

*Hiss was also a director of the American Association for the United Nations, a director of the American Peace Society, a trustee of the World Peace Foundation, and a director of the Institute of Pacific Relations.

†Whittaker Chambers, *Witness*, Random House, New York, 1952, Page 550.

Joseph Johnson was intimately associated with the personalities who drafted the so-called Sprague Report of 1960. That Report was the basis for re-structuring the financing of private foundations through "conduits of the Central Intelligence Agency"

According to the *Exchange*, Mr. Johnson has worked closely with the Donner Foundation, which has served as a C.I.A. conduit and has also financed the notorious Temple of Understanding. The *Exchange* comments on this:

The "Temple of Understanding" according to the [Justice Department] source, is fundamentally an "occult" movement with ties to . . . the Lucis Trust of London, England. The "arcane" or hidden and secret mysteries include not only "mystical" but also banking and political "mysteries" according to the source at the Department of Justice.*

As an illustration of the types of persons involved, the source said that top American officials at the CIA, the Foreign Service and the Department of Defense have been actively recruited for membership in "The Temple."

Two of the more prominent Washington members of "The Temple," the source claimed, were Mr. and Mrs. Robert McNamara

In New York, the Temple of Understanding centers its "mystical meetings" and the union of "triads" in a room reserved for it at the Carnegie Endowment for International Peace, located at the United Nations Plaza †

Yes, this is very strange business indeed.

While the Carnegie Endowment promotes every conceivable accommodation with the Communist world, it continues to advocate war in the furtherance of its objectives. In fact, it is now propagandizing for war with South Africa. This "peace" foundation has gone so far as to prepare a report advocating U.N. invasion of that anti-Communist country. The report, entitled "Apartheid And United Nations Collective Measures," even calculates the size of the military force and the number of ships and planes that will be necessary to ensure the success of the U.N. conquest. It also assesses the cost and casualties. On Page 150, the Carnegie battle plan states:

The cost of a collective military operation of the type described here, composed of the above elements, is estimated at \$94,537,000 for each 30-day period. The assault phase might be expected to last up to two weeks, with complete control being secured within four months. Casualties among the UN forces would be expected to be between 19,000 and 38,000 killed and wounded.

Ah, yes, the United Nations — man's last best hope for Peace!

Concerning such efforts by the major foundations to promote the United Nations as enforcer of a world government, Congressman Carroll Reece's House Special Committee to Investigate Tax Exempt Foundations concluded as follows:

*The Lucis Trust was formerly called the Lucifer Trust and is, believe it or not, a cult of devil worshippers connected with the Theosophical Society. Look, this is true — who could *make up* something like this?

†Others listed by the Temple as supporters include the late Eleanor Roosevelt, Thomas Watson (President of I.B.M.), U. Alexis Johnson (Number Two man in the State Department), Max Lerner, James Linen (*Time-Life*), the late Norman Thomas, the late James A. Pike, Ellsworth Bunker, and John D. Rockefeller IV.

Substantial evidence indicates there is more than a mere close working together among some foundations operating in the international field. There is here, as in the general realm of the social sciences, a close interlock. The Carnegie Corporation, the Carnegie Endowment for International Peace, the Rockefeller Foundation and, recently, the Ford Foundation, joined by some others, have commonly cross-financed, to a tune of many millions, furnished intermediate and agency organizations concerned with internationalists, among them the Institute of Pacific Relations, the Foreign Policy Association, the Council on Foreign Relations, the Royal Institute of International Affairs and others . . . and that it happened by sheer coincidence stretches credulity.

The Committee also learned that the foundations acted as “mid-wife at the birth” of some of these and other “internationalist” organizations. The Foreign Policy Association, a “prestigious” group which disseminates Communist propaganda, was referred to by the Reece Committee as “virtually a creature of the Carnegie Endowment” for which it did “research.” The research director of F.P.A. for over twenty years was Vera Micheles Dean, a notorious Russian-born Comrade. The *New York Times* of October 14, 1949, quotes her as telling an audience of Americans they must “whittle away their conception of national sovereignty” and pull themselves out of the “ancient grooves of nationalism.”

The Council on Foreign Relations is another organization devoted to the promotion of world government which has been heavily financed by the major foundations. The C.F.R. has been called “the invisible government of America,” “the Eastern Establishment,” and “the Rockefeller foreign office.” More than half of the publicity-shy C.F.R.’s 1,400 members have held posts in federal government, and members of the C.F.R. have controlled American foreign policy in every Administration for the last thirty years. The Council on Foreign Relations, which is the American branch of the umbratile Royal Institute for International Affairs (also financed by the foundations), was established by a group of American and English financiers and their academic lackies following the Versailles Peace Conference in 1919, and is one of the most powerful organizations in the world.*

To attempt to draw a diagram of the interlock between the C.F.R., the foundations, international bankers, and Wall Street investment firms could produce only an unreadable maze. Perhaps, however, we can give you a *general* idea of what it is like. Alan Pifer, President of the Carnegie Corporation, is a member of the C.F.R. as are nine of its fifteen trustees. Joseph E. Johnson, President of the Carnegie Endowment for International Peace is a member of the C.F.R., and so are fifteen of its twenty-two officers and trustees. Ford Foundation President McGeorge Bundy is a member of the C.F.R., and so are ten of its nineteen officers and trustees. Sixteen of twenty-three Rockefeller Foundation officers and trustees are members of the C.F.R., including President J. George Harrar.

Another extremely influential group financed by the foundations was the Institute of Pacific Relations – which, according to Professor Carroll Quigley, was established by the C.F.R.’s founding parent, the Royal Institute for International Affairs. This group was largely responsible for the propaganda which convinced millions of Americans that Mao Tse-tung was a harmless agrarian reformer and Chiang Kai-shek a

*The Business Advisory Council, and the very secretive Pilgrim Society, are considered the *Insider* organizations which form the inner circle of the C.F.R. (at the international level, it is the Bilderbergers). Don’t bother checking your newspaper or *Look* magazine for information about these groups.

corrupt and vicious reactionary. The result was that American support was withheld from Chiang, and China was delivered to the Communists. The Reece Committee found that "The Carnegie Corporation, the Carnegie Endowment for International Peace, and the Rockefeller Foundation contributed millions of dollars" to the Institute of Pacific Relations. When the Senate Internal Security Subcommittee investigated the matter it concluded as follows of this little pet of the giant foundations:

The Institute of Pacific Relations (I.P.R.) has been considered by the American Communist Party and by Soviet officials as an instrument of Communist policy, propaganda and military intelligence.

The I.P.R. disseminated and sought to popularize false information originating from Soviet and Communist sources.

Members of the small core of officials and staff members who controlled I.P.R. were either Communists or Pro-Communist.

Yet, then-president of the Rockefeller Foundation Dean Rusk continued to make substantial donations from the Foundation to the I.P.R. long after the time when, as the McCarran Committee indicated, there was evidence that the Institute had become an agent of Communist propaganda. Given this atmosphere, it was not surprising that the foundations proved to have been heavily penetrated by the Communists and their agents. The Reece Committee Report states:

*Mr. Louis Budenz, [former editor of the Communist *Daily Worker*] testified before the Cox Committee that . . . a [Communist] commission had been created to penetrate the foundations, and he named names. Mr. Manning Johnson testified that he was a member of the Party from 1930 to 1940 and gave his opinion that the foundations had been successfully penetrated on both the high and low levels.*

After detailed exposure of Communist penetration of the foundations, they were forced to do some cynical housecleaning. Professor Quigley notes of this:

It must be recognized that the power that these energetic Leftwingers [sic] exercised was never their own power or Communist power but was ultimately the power of the international financial coterie, and, once the anger and suspicions of the American people were aroused, as they were by 1950, it was a fairly simple matter to get rid of the Red sympathizers.

The *Insiders* of the Establishment, in effect, blew the whistle and yelled, "Okay, all you Commies with cards — out of the pool." The removal of the *overt* cadres did not, of course, change the Leftist policies of the foundations in the least, and they proceeded as before.

Today the foundations continue to employ their vast influence in our government to promote the ultimate cause of the International Left, creating defeat for America abroad and fanning the fires of revolution at home. On July 7, 1969, for instance, F.B.I. Director J. Edgar Hoover reported that certain unnamed foundations were providing "substantial financial contributions to 'new left' groups, including S.D.S." And, the Rockefeller Foundation supports the projects of radical Marxist Saul Alinsky and the Communist-staffed Southern Christian Leadership Conference

of the late Martin Luther King. But, of course, the real cornucopia for the revolutionaries is the \$3.5 billion Ford Foundation.

It was in order to avoid estate taxes, which would have forced the sale of much of the family's stock in the Ford Motor Company, that Henry Ford Sr. established his Ford Foundation. A life-long enemy of the *Insiders*, the senior Ford was determined that the Left would not capture control of his fortune. But Henry and his son Edsel died before the leadership of the Foundation could be secured in Conservative hands and control passed to Edsel's widow and to Henry Ford II. They were quickly surrounded.

Leftists William Benton, Robert M. Hutchins, and Paul Hoffman were soon in control of the enormous fortune. The late *Insider* Sidney Weinberg, of Goldman, Sachs & Company, was engaged by Henry Ford II to arrange for a public underwriting of some of the Ford Foundation's stock, and the *Insiders* were soon in control of a rich bonanza.*

Rowan Gaither, the first President of the Ford Foundation, told Norman Dodd, chief of research for the Reece Committee, that the purpose to which the Ford Foundation would be applied "was to so alter American society that it could be comfortably merged with that of the Soviet Union." The flabbergasted Dodd was then informed that this was being done on "orders from the White House." Whether from President Eisenhower or the *Insiders* around him was not clear.

No objective person can claim that the Ford Foundation has ever deviated from the goal Rowan Gaither cited. Today, the President of the Ford Foundation is McGeorge Bundy, former chief advisor on foreign affairs to Presidents Kennedy and Johnson. But McGeorge, it seems, had even then been in the foundations business. The *Government Employees' Exchange* of November 27, 1968, reveals:

Joseph E. Johnson, the president of the Carnegie Endowment, has close personal and official ties to McGeorge Bundy . . . Mr. Bundy controlled the entire CIA allocation of funds and the use of [foundation] "conduits" and fronts while he was at the White House on the staff of President Kennedy, the [Justice Department] source revealed.

Upon taking over the Ford Foundation, Bundy announced that the interests of the Negro Revolution would be "the first of the nation's problems" with which he would deal. And, under Bundy, the Ford Foundation is indeed in the business of promoting revolution and turmoil.† A few grisly examples include:

A \$175,000 registration drive among blacks in Cleveland to elect the radical Carl Stokes as Mayor; a \$630,000 grant to the Castroite Mexican-American Youth Organization, which preaches revolution and racial hatred; \$475,000 in grants to the Marxist black separatists of C.O.R.E.; financing of Communists and radicals to run school "decentralization" in New York City, producing the bitterest sort of racial antagonisms; a \$315,000 gift to the National Student Association, which is controlled by the New Left and Black Nationalists; \$50,000 to black revolutionary LeRoi Jones to stage anti-white plays; financing

*Lundberg, Page 313. Henry Ford II, the very antithesis of his grandfather, has recently been divorced and married into the Rothschild banking family. (Lundberg, Page 299.)

†See Harold Lord Varney's superb article on the Ford Foundation in *American Opinion* for November 1968. Mr. Varney's article follows the present one in this special reprint.

of the Citizen's Crusade headed by Russian-trained labor boss Walter Reuther to the amount of \$508,500; \$100,000 for the pro-Vietcong American Friends Service Committee; helping to bankroll the Communist-staffed Southern Christian Leadership Conference to the amount of \$230,000; grants of \$1,600,000 to the Leftist Urban League; a \$1 million grant to establish separatist-oriented Afro studies in American colleges; a \$648,000 grant for the Communist-staffed Southern Regional Council; \$1 million to the Council on Foreign Relations; \$630,000 to the revolting Southwest Council of La Raza, headed by officially identified Communist Maclovio Barraza; and, the list goes on and on.

If the above is not representative of massive subversion, then there is no such thing, and I am not a journalist but a ballet dancer.

The movement of Establishmentarians in and out of government is, of course, one big game of musical chairs. The foundations provide a sort of taxi squad for Leftists of the Party out of office. John Foster Dulles (C.F.R.) served as Chairman of the Board of the Rockefeller Foundation before moving to Washington. Dean Rusk (C.F.R.) left the Rockefeller Foundation to succeed Dulles in the Cabinet, and now Rusk is back in the Rockefeller apparatus while Henry A. Kissinger (C.F.R.) of the Rockefeller Brothers Fund runs foreign policy for the Nixon Administration. It is all very cozy indeed.

Trustees of the Rockefeller Foundation have been appointed to major Cabinet posts in every Administration since that of Harry Truman — including Secretary of Defense, Secretary of the Treasury, Secretary of State, Secretary of Agriculture, and dozens as important advisors and Undersecretaries. We find of the Nixon Administration that Secretary of Agriculture Clifford Hardin is a Rockefeller Foundation trustee, as is science advisor Lee DuBridge. Nixon's disarmament expert, John J. McCloy, is a former Chairman of the Board of the Rockefeller Chase Manhattan Bank and has served as a trustee for both the Rockefeller and Ford Foundations.

Clearly, Administrations — Democrat and Republican — come and go, but the *Insiders* and their foundations remain.

Legislation which we are assured will end foundation abuses has recently come before Congress. While the foundations have screamed bloody murder, they are somewhat less than worried. They know that a mere token tax on their income will not hinder their efforts in the least, while effectively hushing public outrage. Their attorneys have already devised ways to get around proposed laws on "self-dealing" and investment abuses. Clearly, the only way to stop the *Insiders'* use of the major foundations to subvert America is to insist that these incorporated endowments pay full corporate taxes, avoid political activity, and subject their activities to Congressional review. If they are to be tax-free, they must be responsible to the citizens whose taxes carry the load they are shirking.

As it is, the ruling elite of the foundations are spending billions of dollars to subvert our sovereignty and to turn America into a socialist province in a World State run by the *Insiders*. With no one to hold them accountable, they do as they please. The rulers of the vast foundations will *never* be held accountable for their machinations until the American people put enough heat on Congress to insist that these giants of the Left be taxed and regulated. You have a Congressman and two Senators. Won't you sit down now, while you are thinking about it, and write to them about this matter? The situation is very serious indeed. ■ ■

TAX-FREE CASH

By Harold Lord Varney

■ NOT LONG before his great career was halted by serious illness, Henry Ford Sr. sat thinking about the future of his infant Ford Foundation. A life-long enemy of the *Insiders* and their Liberal Establishment, Mr. Ford was determined that his vast wealth should not fall into the hands of the Leftist camarilla which had subverted the foundations endowed by Carnegie and Rockefeller. Above all, he was adamant that the Ford fortune should not be used by the forces of the Left to help betray America.

But, how could he safeguard the Foundation after he was gone?

One possible solution occurred to him immediately. When President Franklin Roosevelt had viciously humiliated the heroic Charles A. Lindbergh for his support of the conservative America First movement, it was the Ford Motor Company which had found an important administrative post for him. Ford had long been a hearty admirer of the technical and administrative genius, patriotism, and moral soundness of Colonel Lindbergh. He decided to sound out the Colonel on the possibility of his accepting directorship of the Foundation, with full authority.

It is one of the tragedies of American history that Lindbergh did not immediately accept that offer; for, shortly thereafter, Henry Ford suffered a physical collapse. His heirs, alas, simply didn't understand the danger to their country which Leftist management of the vastly wealthy Ford Foundation might represent.

In its official annual statement, the Ford Foundation declares that its objective is "to identify and contribute to the solution of problems of national and international importance." Instead of pursuing this lofty course, the Foundation has been deliberately used to create new problems and exacerbate old ones. It has now made itself the champion of black racism. It has regularly waged war on anti-Communists. It has promoted and subsidized obscenity and pornography in American letters. It has encouraged and financed leaders of the race war which is filling American cities with murder, arson, and lawlessness. It has openly subsidized identified Communist revolutionaries. It has helped to debase American scholarship by exclusive support of research organizations and scholars promoting the propaganda of Marx, Keynes, Pavlov, and Freud as a replacement for classic philosophy in the American tradition.

In short, if we were to try to pinpoint the one organization which has in the last twenty years done most to move America away from traditional principles, the Ford Foundation would be that organization. In doing so, it has poured into Leftist channels the colossal sum of \$3.19 billion in grants and commitments.

I

TO EVEN BEGIN to appreciate the tragedy of what has happened, one must begin with a brief look at the founding Ford.

It is today difficult to imagine the vast hold which Henry Ford exercised upon the national imagination during the three decades between 1915 and the end of World War II. So great was his popularity that in the early Twenties the opinion polls indicated he could have been elected President in 1924 had he chosen to run. True, he made his

share of mistakes — for example, the Peace Ship fiasco of 1915 — but, for all that can be made of his bigger than lifesize faults, few will deny that Henry Ford was the epitome of what we call the great American innovator. He was a religious, patriotic, prudent, frugal American genius who built an empire and shared it with the world. Americans loved him for it.

In sharpest contrast to the pygmies who are now spending his money, Henry Ford was a giant among the architects of progress. He was the father of American mass production — the innovation which made possible today's plenty. Even Lenin, in considering the adoption of mass production for Russia, recognized this fact and coined a Russian word for *Fordization* to describe it.

And, Ford was a capitalist in the best tradition. With his announcement in 1915 of an across-the-board *minimum* wage of five dollars a day (the equivalent of about \$25 a day in today's funny money) he ushered in the era of highly paid American labor. By innovating to increase the productivity of his workers, he could afford to pay a *minimum* of two hundred percent more than his competitors. Had Henry Ford done nothing but introduce the concept of assembly-line mass production, and pass the benefit on to his employees, that single contribution to American well-being would have dwarfed the total effect of every government Welfare scheme ever conceived.

Henry Ford scorned the Welfare philosophy so beloved of today's manipulators of his estate. It was he who explained that it was far better for capitalists to create jobs, thereby "helping others to help themselves." His answer to the advocates of government handouts was that "industry organized for service removes the need of philanthropy." He would have been aghast at the modern spectacle of 800,000 citizens in New York City gold-bricking on the relief rolls in a period of full employment and massive opportunity. Contemporary proposals of a federally guaranteed annual income, detached from productive toil, would have nauseated him.

Nor would he have accepted programs aimed at promoting the Negro Revolution which the Ford Foundation's President McGeorge Bundy has made its central objective. Henry Ford spoke with authority about helping Negroes in the only way which makes sense. At a time when Northern factories and unions were virtually closed to Negro labor, the ultra-conservative Ford opened his giant plants at Highland Park and River Rouge to Negro workers on a basis of full equality with white labor. He believed that the Negro worker of equal ability was entitled to every opportunity enjoyed by the whites, and he did something about it. But, he would certainly have scorned with the most fierce sort of Baptist damnation the kind of hate which motivates the Black revolutionaries whom Bundy is now using Henry Ford's money to underwrite.

That the fortune which Henry Ford acquired through his enormous material and social contributions to the nation should now be expended to support and promote the sort of programs which he detested is the most bitter sort of commentary on our age. How did it happen?

II

THE FORD FOUNDATION, like many similar institutions, was conceived as a device to avoid confiscatory inheritance taxes. When the federal inheritance tax was first instituted by the *Insiders* (1916), Ford saw its intent and began to make plans to establish the Foundation. By 1935, of course, Roosevelt's New Deal had expanded the federal inheritance tax to the point where it became both punitive and confiscatory — just as Karl Marx had proposed in the Communist Manifesto. Rates were upped to such a height that the heirs of a businessman of Ford's success faced a tax bite of

ninety-one percent. In his case, this would have forced his family to sell control of the Ford Motor Company to pay the taxes.

The exposure of the family-owned firm to manipulation by the Eastern bankers was one thing which Henry Ford was determined to go to the most vigorous extremes to prevent. The Wall Street merger operators had long had greedy designs upon Ford's interests, and he was of no mind to bend to their will. In the early Twenties, when Henry Ford found himself in a serious financial pinch, the Eastern bankers had attempted to entrap him with an offer of finance. The shrewd Ford had spurned the baited trap and had astonished the business world with an unorthodox coup whereby he raised the capital he needed through his dealers. One of his most often-expressed concerns was that after his death the Establishment would wrest control from his heirs.

To prevent such a possibility, he instructed his lawyers to transfer eighty percent of his estate, and the estates of his family, to the Ford Foundation in the form of dividend-paying but non-voting Class A stock. The remaining ownership, in Class B voting stock, would remain in the family, preserving control. This princely endowment of the Foundation was thus primarily a business gambit.

That Ford's untimely physical collapse prevented him from completing his preparations by selecting a directorate for the Foundation which would keep it out of the hands of the Left was the misfortune which opened the doors of the Ford Foundation to the very spoilers Henry Ford most despised. Ford's illness came in 1945. As one of his biographers delicately expressed it, the Ford heirs "arranged" his retirement. He died in 1947.

After 1945, the Ford affairs were in the hands of Mrs. Edsel Ford (Henry's daughter-in-law), Henry Ford II (his youthful grandson) and, to some extent, Ernest Kantzler, Mrs. Edsel Ford's brother-in-law, whom the elder Ford had fired. They were quickly surrounded with new company executives and lawyers, none of whom shared Henry Ford's conservative convictions or his distrust of the Eastern Establishment. The Leftist mafia quickly moved in on the Ford money, grabbing for control of the Foundation.

When the dust settled, the chief administrator of the Ford Foundation was one Paul G. Hoffman, an *Insider* so important that he had been director of the propaganda arm of the notorious Council on Foreign Relations. A committee, including a doctor, a school administrator, and five professors — under the leadership of H. Rowan Gaither — had formulated the initial program of the Foundation to carry it into the netherworld of the Left, and Hoffman moved ahead with near total abandon. Armies of "intellectuals" on fat salaries were put to work drafting programs and guidelines.

The zaniest member of Hoffman's staff, and his chief assistant, was Dr. Robert M. Hutchins, who fairly bubbled with Marxist schemes and declarations so far to the Left that they would have made Gus Hall choke with embarrassment. From 1951, Hutchins was Hoffman's Associate Director at \$50,000 a year.

In 1953, a palace revolution of "out" professors won the support of Henry Ford II, and Hoffman and Hutchins were soon replaced. But, unfortunately, they were not detached from the Foundation. They were, in fact, given an outright grant of \$15 million for something called a "Fund for the Republic" — to spend as they saw fit.

The causes for which these Leftists spent the Ford Foundation's Fund for the Republic are believable today only in the context of the backwash they created against "McCarthyism." \$100,000 was poured down the drain on a study of federal loyalty-security programs, conducted by Walter Millis, a hack writer who was well-known as an enemy of the House Committee on Un-American Activities. \$300,000 was spent on a study of the "influence of Communism in contemporary

America" — with Communist Earl Browder, long-time National Secretary of the Communist Party, as a key member of the staff. \$100,000 was authorized for a study of "blacklisting" on radio and television, to discredit efforts of patriotic organizations trying to keep Communists from propagandizing over America's airwaves. \$150,000 was spent on a survey to create propaganda that high school and college teachers were being intimidated by patriotic groups.

An undisclosed amount of Ford money was also spent by the Fund to finance the distribution to schools and community groups of Edward R. Murrow's ghastly propaganda broadside defending J. Robert Oppenheimer, whose security clearance had been lifted after his own admission that he had contributed money to the Communist Party, and then lied about it. \$200,000 was offered, and then withdrawn under pressure, to create a television program for Herb Block, the viciously Leftist "cartoonist" of the *Washington Post*. And, at a time when the American Friends Service Committee was devoting itself to a whitewash of Mao Tse-tung's Communist revolution in China, and urging the recognition of Red China, the Ford Foundation (at Hoffman's insistence) presented the Friends Committee with \$1,134,000. Ford's Paul Hoffman, of course, had been a trustee of the Communist Institute of Pacific Relations which had been largely responsible for Mao's success.

Space does not permit the listing of all the Hutchins-Hoffman efforts. Suffice it to say that they exhausted that \$15 million and then some.

With the Fund depleted, Hoffman married Mrs. Anna Rosenberg and went on to a key post at the United Nations — where he turned over millions in U.S. funds to Castro, approved the spending of American dollars to create a nuclear project behind the Iron Curtain, and otherwise supported Communist interests. Hutchins meanwhile reorganized the Fund for the Republic into a wildly Leftist monster called the Center for the Study of Democratic Institutions, and financed it through some highly curious "private donations and foundation grants." A sample of its heavy-handed anti-Americanism is its recent staging of the *Pacem in Terris* Conferences in Europe, to create propaganda against American boys fighting and dying in Vietnam. Whether the Ford Foundation still continues to contribute to the ventures of Hutchins' radical Center has remained a carefully guarded secret.

III

MEANWHILE, back at the main Ford Foundation establishment, the Division for the Behavioral Sciences was stirring up a rumpus of its own by invading the privacy of jury chambers to obtain evidence with which to blast the American court system. An authorization of \$1 million was given to finance the bugging of jury rooms to overhear the talk of jurors. The project, conducted by Professor Henry Kalvin Jr. and Dean E.H. Levi of the University of Chicago Law School, aroused a storm of public indignation when it was exposed by the Senate Judiciary Committee. It is not surprising that the fatly funded Dean is on record as an outspoken enemy of the House Committee on Un-American Activities, and Professor Kalvin was working with the Comrades to secure clemency for the Communists' Rosenberg atom spies.

Obviously, the exit of Hoffman and his subversive companions was merely a public relations gambit designed to deceive an outraged public.

An ideal successor for Paul Hoffman was found, after a brief interregnum, in the person of Henry T. Heald. A smiler with a knife where Hoffman was a rampaging mammoth, Heald centered the attention of his nine years in the Foundation upon manipulating American universities. Effectively scattering Ford money among key universities and colleges, he succeeded in bringing the academic establishment into the

Ford Foundation net. In one staggering gesture, Heald announced the distribution of over \$500 million to a select list of academic institutions. Ferdinand Lundberg recently explained in *The Rich And The Super-Rich*, how such grants are used:

By making serial gifts each year out of income from a perpetual principal fund, the donor can keep prospective worthy recipients sitting around forever, like a circle of hungry dogs, awaiting the next handout. In such an arrangement, prospective institutional recipients are not likely to voice unwelcome . . . ideas.

The corrupting effect of these Ford handouts was recently brought home to this author in the case of a small denominational college in the Midwest which I once attended. The college has a background of fundamentalist Christianity which was hardly reassuring to the "new era" manipulators who dispense Ford money. When it applied for a Ford donation under the Heald regime, it was turned down.

Badly needing funds, the college executives quickly got the point. When Ford Foundation President McGeorge Bundy announced that the fight for Negro "rights" had now become the Ford Foundation's chief concern, they proceeded to streamline the college to impress Bundy and his associates that they were doing something about Lo, the Poor Negro. They even invited Dick Gregory, fresh from jail, to lecture at the college. When Commencement Day approached, they selected Harry Belafonte as the Commencement Day speaker and recipient of an honorary doctorate.

These college administrators have not yet received their Ford Foundation payoff, but it won't be long. One remembers, for example, how quickly the Ford Foundation came to the aid of another college in the Midwest when it moved back the compulsory retirement age to displace the great conservative professor E. Merrill Root.

Of course, Heald continued to keep the Foundation active in such schemes as granting half a million dollars for use by Communist professors in Poland, and providing fellowships for Communists in Italy and for such well-known Reds as the notorious Clinton Jencks. But, as the Heald Administration drew toward its close, forces in the Ford Foundation were restless to assume an even more activist role. The emergence of the New Left, and the encouragement and idolization being provided to the Negro Revolution by the Johnson Administration, suggested to Foundation strategists that Ford should also get into the act. With the federal poverty agencies cutting into its territory by making vast grants to favored organizations and individuals, the Ford group decided that it would simply have to run faster to keep up with the parade. What the Foundation needed was a more vigorously activist president. It found him in 1966, in the person of McGeorge Bundy.

Since the Ford Foundation is today largely a reflection of the activism of President Bundy, let us look at some of the things that make him tick.

IV

AT FIRST GLANCE, McGeorge Bundy would seem to be an appropriate choice for President of the Ford Foundation. He entered public life under President Kennedy with most Americans unaware of the aroma of radicalism about him. He was a member of a distinguished Republican Brahmin family. He was Yale, with all it implies. His first position, after graduation, was on the staff of the Council on Foreign Relations, the nerve center of the Eastern Establishment. A prodigy, like Hutchins, he was Dean of the Faculty of Arts and Sciences at Harvard at the age of thirty-four. From this eminence, he had leapt to Washington and, under Kennedy and Johnson, became the premier figure in the National Security Council. By 1966, when he came

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to Ford, Bundy carried with him from Washington the aura of a young man of destiny.

But, under the mannered front, and beneath his disciplined dedication to the Far Left, McGeorge Bundy was mostly mush. He swallowed, open-mouthed, every fable the professional anti-anti-Communists hand out about the Right. He believed with certainty that collectivism was the wave of the future, and that an ambitious young man should grab a surfboard and ride the crest. Above all, he was an incredibly bad judge of men, as evidenced by the fact that it was he who chose to play host to the "anti-Communist" Fidel Castro at Harvard in 1959.

Still, only once in his career as a White House advisor was he so incautious as to be maneuvered into a position where his subversion could be publicly identified. The results were, however, most distressing. At the height of the Dominican crisis of 1964, when President Johnson was floundering around under the advice of such lightweights as Ambassador John Bartlow Martin and Comrades Pepe Figueres and Romulo Betancourt, Bundy allowed himself to be selected as the man to go to the Dominican Republic to find a solution. He was appointed Presidential Envoy with authority to name a provisional Dominican President. Bundy arrived importantly, with an impressive entourage. "He works fast," one of his public relations people gurgled to the Santo Domingo Press.

He worked too fast. In the face of the fact that the revolution had been fomented by former President Juan Bosch, a Communist, and that our troops had been landed on the island ostensibly to see that the Dominican Republic did not fall into Communist hands, Bundy chose one of Bosch's own men to be President. He was Antonio Guzman, Minister of Agriculture in the deposed Bosch Administration. Bundy reassured everyone that Guzman was not a Communist, despite the fact that Antonio had only a few weeks before conferred with the Americans as an official representative of Comrade Bosch.

But, there was worse to follow. Thanks to the enterprising research of Washington newsmen John T. O'Rourke, it was quickly disclosed that Guzman was even then under investigation for a \$75 million theft from the Banco Agricultura, which Guzman had headed under Bosch. As Congress stormed, Antonio Guzman was dropped with an amazing suddenness, and Bundy made an unhappy return to Washington. The measure of McGeorge Bundy's sagacity, of course, was the fact that he was willing to establish Comrade Guzman as President of the Dominican Republic *without even a check of his record*.

The heat was on. Just as Alger Hiss had under similar circumstances been spirited out of the State Department and named President of the Carnegie Endowment for International Peace, Bundy was as suddenly named President of the Ford Foundation.

McGeorge Bundy ran true to form. With Communists working among Negroes in every American city, he immediately announced that meeting the interests of the Negro Revolution would now be "the first of the nation's problems" with which the Ford Foundation would deal. Leading the Foundation into the complicated field of Negro agitation and persona, he has poured out Ford money to the whole spectrum of professional Negro agitators. It is not an overstatement to say that, under Bundy, almost any plausible black leader with a plan to encourage Negro intransigence can walk into the offices of the Ford Foundation and come out with a generous check in five or six figures.

Typical of these schemes — and conspicuous because Bundy gave his name to the project — was his use of the Ford Foundation to back "school decentralization" in New York City along lines proposed by black racists. Cooperating with Mayor Lindsay, who sees a rich harvest of Negro votes in the promotion of turmoil between

the schools and the neighborhoods, he manufactured what is called the "Bundy Report," calling for virtual abolition of the administration of schools by the City Board of Education. In place of the city-wide Board, Bundy proposed that authority be placed in the hands of thirty to sixty district boards, made up of representatives chosen by racially oriented neighborhood organizations, teacher representatives, and politicians appointed by Mayor Lindsay. Such district boards, composed largely of radicals and politicians, would have the last word on matters of curriculum, school activities, and school administration.

In short, education was to be taken out of the hands of qualified teachers and school administrators and placed at the mercy of neighborhood revolutionaries and hacks belonging to the Mayor's political machine. Bundy soon found himself entangled in a bitter contest with the teachers' union, and (worse for his "Liberal" credentials) condemned by the Board of Rabbis and by the Council of Jewish Organizations in Civil Service, speaking for 26,000 Jewish teachers. Dark rumors spread that McGeorge Bundy was supporting black anti-Semitism and revolutionary racism.

When a bill was introduced in the New York Legislature authorizing the phony decentralization which Bundy had proposed, it met with a cold reception. So, Mr. Bundy decided that he would force the plan through the Legislature by proving its worth — spending a few barrels of cash from the Ford gusher on three "demonstration" projects in New York City — one in Harlem, one in Ocean Hill-Brownsville, and one on the East Side.

The Harlem venture, centered on Intermediate School 201, came to grief first. A "parents' organization," quickly infiltrated by subversives and the worst racist troublemakers in Harlem, demanded control of the school. When the non-Negro principal attempted to preserve order he was barred from the building by screaming agitators from all parts of New York City. The subversives then brazenly took over the school and presented in its auditorium a filthy, anti-white play by LeRoi Jones, the professional scatologist. Soon, black terrorist Herman B. Ferguson was brought to the school to speak at a viciously anti-white meeting in honor of Communist Malcolm X. Ferguson, a member of R.A.M., the Communists' secret terrorist organization for Negroes, had earlier been arrested and indicted in Queens on a charge of plotting the assassination of non-Communist Negro leaders and of Senator Robert F. Kennedy. Comrade Ferguson delivered the address while out on bail, awaiting trial.

When Herman Ferguson was re-arrested for violation of the terms of his bail, it was revealed that after his initial arrest the Ford Foundation had employed him on one of its projects, and that the terrorist was in fact on the payroll of the Ford Foundation at the time he addressed that meeting of the followers of Communist Malcolm X.

Bundy's demonstration district in Ocean Hill-Brownsville similarly erupted into racial violence. The district superintendent there, a Negro, summarily fired nineteen white teachers and supervisors at the demand of his predominantly Negro "Community Council." This resulted in a strike by the teachers, countered by the setting up of riotous picket lines by Negro revolutionaries. The schools had to be closed down, and pupils deprived of education, while the factions battled. To create this shambles, McGeorge Bundy had paid out \$77,000 from the tax-exempt coffers of the Ford Foundation.

But Bundy was soon to get caught at even further Marxist machinations in the Ocean Hill-Brownsville affair where it was disclosed that the moving force behind the Negro rioting there was the nine-times-arrested "Reverend" Milton A. Galamison. For years, Galamison has been fomenting and leading street disorders in Queens and Brooklyn. His ideological commitment is indicated by the fact that he was the keynote

speaker at the organizing convention of the Communist W.E.B. DuBois Clubs, set up at the call of Gus Hall, the National Secretary of the Communist Party. The point is that in 1967 Bundy had authorized a Ford Foundation grant of \$160,000 to underwrite Comrade Galamison's revolutionary work.

Although Bundy had the support of such Leftists as Mayor John Lindsay, U.S. Commissioner of Education Harold Howe, and State Commissioner James E. Allen, the New York State Legislature tried to kill his program. The teachers' union spearheaded the fight in Albany against Bundy's program and made its case most convincingly. After a bitter debate, the Legislature passed a considerably weakened bill — though it still gave Mayor Lindsay the authority to appoint additional members to the Board of Education, and directed the Board to bring in a report on "decentralization" sometime in 1969.

Nonetheless, Bundy and his black racists wanted things completely their way — or else. They demanded that Governor Nelson Rockefeller veto the weakened bill. Curiously, the fight for a veto was led by Dr. Kenneth B. Clark, a Negro leader who has in the past avoided racial extremism. Dr. Clark's action became more understandable when it was learned that in 1967 Bundy had sent a \$700,000 grant from the Ford Foundation to support the Metropolitan Applied Research Center which Clark heads.

Governor Rockefeller, realizing the angry mood of the electorate, declined to veto the bill. The full revolutionary commitment of the Bundy-Lindsay strategy was then revealed. Mayor Lindsay announced the names of his appointees to the enlarged City Board of Education: The name of revolutionary Milton A. Galamison led all the rest. Lindsay, with Bundy's advice, saw nothing improper in appointing this co-founder of the Communist W.E.B. DuBois Clubs — organized to recruit youth for the Communists — to sit in supreme command over the education of the 3 million students in the New York public schools.

Although he suffered a partial setback in this fight in New York City, Bundy's benefactions and subsidies from the Ford Foundation to black racists are expanding in a golden stream. He sent the "moderate" N.A.A.C.P. some \$300,000, with \$1 million more for its Legal Defense Fund. The "moderate" National Urban League, whose chief (Whitney M. Young) has come out against non-violence and in favor of Black Power, received \$430,000 — now swollen by \$1,415,990 for "fair housing" programs and \$155,000 for "New Careers Week" programs. McGeorge Bundy also placed Martin Luther King's Communist-staffed Southern Christian Leadership Conference on the dole for a fat \$230,000 — the first Ford grant to King in ten years of hate-filled agitation.

McGeorge Bundy has, of course, given Ford Foundation funds to the black "wild men" with even greater abandon. Floyd B. McKissick, Stokely Carmichael's ally in the Black Power movement, obtained \$175,000 for the viciously anti-white programs of C.O.R.E. In 1968 the Ford Foundation disbursed \$300,000 more to C.O.R.E. to be expended in Cleveland — apparently to bolster the Administration of Negro Mayor Carl B. Stokes. A brazen admission that the Ford Foundation, despite its tax-exempt status, had chosen to participate openly in Cleveland politics was provided in the Ford specification that the money it gave C.O.R.E. is to be used "for voter education and registration." The kind of "education" that the militant revolutionaries of C.O.R.E. will give to the Cleveland voters can be imagined. In the recent Cleveland riots, for example, it was revealed that Ahmed (Fred) Evans, who shot and killed Cleveland policemen from ambush, had received a grant of \$10,000 from the Ford-supported Mayor Stokes' "poverty" coffers.

LeRoi Jones, whose claim to literary distinction is based on his authorship of such vulgar anti-white diatribes as *The Toilet* — in which the whole action takes place in a

privity — was encouraged to go on with such pornography by a Ford Foundation grant of \$50,000 to stage racist plays. Later, Jones was arrested in Newark while helping to lead the 1967 riots there. He was heavily armed and mouthing murderous threats.

The A. Philip Randolph Educational Fund, which is the sounding board for Bayard Rustin, had received \$45,000 from the Ford Foundation. In 1968, Bundy increased this amount with a second grant of \$176,000. This is the organization which is demanding that the U.S. Government contribute \$125 billion to the Negro Revolution as an indemnity for slavery. The Ford Foundation's repeated support of the Randolph Fund can only mean that Bundy approves its incredible proposal. Otherwise, the Foundation would certainly have made discontinuance of such agitation a condition for approval of the second grant.

Before attaching himself to the aging Randolph, incidentally, Bayard Rustin had worked for both C.O.R.E. and Martin Luther King. A former member of the Young Communist League, the Ford-subsidized Bayard has an unsavory record including twenty-eight months imprisonment for draft resistance in World War II and a sentence of sixty days imprisonment in 1952 as a sex pervert.

Not only has Bundy used the Ford Foundation to reward Negro hate groups, terrorists, pornographers, and convicted perverts, but he has made generous donations to white organizations which are supporting racial excesses. Among these are \$100,000 to support Leftist programs for the National League of Women Voters, \$108,000 to support the racial agitation of the National Council of Churches, \$35,000 for the anti-anti-Communism of the Anti-Defamation League, \$522,000 to the radical National Catholic Conference for Interracial Justice, \$100,000 to the American Jewish Congress, \$200,000 to the American Council for Nationalities Service, \$100,000 to the pro-Vietcong American Friends Service Committee, \$162,000 to the Far Left's National Committee Against Discrimination in Housing, and \$648,000 for the Red-staffed Southern Regional Council.

It is extremely disquieting to contemplate the grim phalanx of professional racists which these grants have created — all with a vested interest in perpetuating Negro disturbances in our cities. It is little wonder that the Communist *National Guardian* cheered on January 13, 1968: "The [Ford] Foundation plays a key part in financing and influencing all major civil rights groups"

Still, were Bundy's Ford Foundation benefactions confined to organizations supporting black racism, excuses might be made for him on the ground that he is simply off-center on the matter of race. But, his spending indicates that he is equally anxious to use Ford funds to promote discontent and defiance among non-Negro groups. Note, for example, his support of Walter Reuther's Marxist "Citizens Crusade Against Poverty." This organization is an undisguised attempt to organize Welfare and O.E.O. "clients" into an insurgent voting bloc which could be employed by Reuther for his own devious political purposes. It is designed to be a pressure bloc for Reuther and his comrades to use in their dealings with politicians. And Walter Reuther, one recalls, is the chap who sent home a letter during one of his training sessions in the Soviet Union, signed: "Carry on the fight for a Soviet America."

Until the advent of Bundy, the "Crusade" had little luck in extracting money from the Ford Foundation, even though Walter Reuther appointed as its Executive Director one Richard W. Boone, a former Ford Foundation executive. But, among McGeorge Bundy's first acts in 1966 was an allocation of \$508,500 for the Crusade. This, it was understood, was only a starter.

Bundy, of course, would not be true to his past as an analyst for the dangerous Council on Foreign Relations if he did not also put Ford money into internationalist

propaganda. Some of the wildly Leftist organizations in this field which have received his Ford handouts are the Council on Foreign Relations (\$1 million), the Adlai E. Stevenson Institute of International Affairs (\$1 million), U.N.E.S.C.O. (\$200,000), the United Nations Association (\$150,000), the Institute for International Education (\$1,625,000), the American Assembly (\$166,000), World Affairs Council (\$102,000), Congress for Cultural Freedom (\$1,500,000); C.E.D., Foreign Policy Research (\$275,000); and, the National Committee on U.S.-China Relations (\$250,000)

Late in July of 1968, with the radical National Student Association neck deep in promoting revolutionary activities on the nation's campuses, Bundy provided N.S.A. with a Ford grant of \$315,000 to "finance the increasing power of college students in educational reform." He added an extra \$7,260 to support a special "Black Commission" for N.S.A. And, with the Communists promoting revolution among Mexican-Americans, Bundy also sent a Ford grant in July, amounting to \$630,000, to the revolutionary Southwest Council of La Raza — headed by identified Communist Maclovio R. Barraza — for agitation among Mexican-Americans.

But, for sheer gall, Bundy's use of Ford Foundation funds to invade the field of American television tops everything. It is the most cynical program to promote Marxist interests that the Ford Foundation has yet attempted.

When he took over the helm of the Foundation, McGeorge Bundy engaged Fred W. Friendly as Ford's Consultant in Television. Friendly will be remembered as the man who stood at the side of Edward R. Murrow in 1953 and 1954 in the venomous character assassination of Senator Joseph R. McCarthy. When C.B.S. dropped Friendly's contract, Bundy hastened to hire him. The agency which the Foundation selected for its manipulation of TV programming is the National Educational Television and Radio Center (N.E.T.). Last year, the Ford Foundation poured \$6 million into N.E.T. to support a Leftist network of 125 non-commercial cooperating stations. (Its New York outlet is Channel Thirteen, the *New York Times* station.) The Foundation also gave another \$7.9 million to the equally Leftist Public Broadcast Laboratory.

N.E.T. now specializes in putting on the air programs of such bad odor that even the "Liberal" commercial networks wouldn't dare touch them. One of these was Felix Greene's monstrous film, *North Vietnam, A Personal Report*. Greene is a wild British Marxist who is so open about his love of the Comrades that he has even authored a book in praise of Mao Tse-tung. Felix has made a career as a producer of films extolling Red China and Castro's Cuba. Regularly visiting Communist-ruled countries, he is given royal treatment and provided with every facility for making his propaganda pictures. When it was announced that he would exhibit his pro-Vietcong program on N.E.T., thirty-three Members of Congress protested it as an outrage to American soldiers dying in Vietnam. The Ford-funded N.E.T., of course, disregarded their protest and exhibited its Communist propaganda film anyway.

Another touted N.E.T. feature was *Ninety Days*, a motion picture purporting to be an objective study of South Africa. After N.E.T. had shown and praised the thing, it was revealed that the film had been produced, and even performed in, by a woman who was a former Secretary of the Communist Party of South Africa, and who had later been deported from Kenya for Communist activity.

Among the favorite subjects of the Ford-funded N.E.T. is kindly Fidel Castro. Two pro-Castro propaganda films have been shown by N.E.T. in successive years. The first was *Report On Cuba*, made by Saul Landau — an activist for the Communist Fair Play for Cuba Committee. The second was *Three Faces of Cuba*, an equally phony rhapsody of Castro's "great achievements" in happy Communist Cuba.

For the long-run, however, perhaps the most disquieting feature of the Ford

invasion of television is its project to place a communications satellite in space to transmit TV signals for the N.E.T. propaganda network. It is estimated that this will halve the cost of N.E.T. programs. Since the Ford Foundation enjoys tax exemption, and its competitors in the commercial networks must pay taxes, it seems a brazen thing for Bundy to be permitted to use tax-free funds to set up a competing network with halved costs. But, the mind of this man is so overlaid with revolutionary zeal that the thought has no doubt never occurred to him. Perhaps it will occur to Congress.

V

THE STORY of the Ford Foundation and its revolutionary efforts, of course, leads to the wider question of the place of the foundation in our American system.

Can we permit such enormous centers of wealth to continue to receive tax-exempt status as they move to control American politics and remake our whole social fabric in the most radical patterns? Can we survive as a free nation if American public opinion is to be shaped and controlled by quasi-governmental organizations, backed by vast tax-free fortunes, and serving the interests of *any* radical ideology?

The fact is that the largest of these foundations, the Ford Foundation, is only one of scores of thousands of such institutions now seeking to manipulate us all with untaxed wealth. The 595 largest foundations, which were scrutinized recently by the House Select Committee on Small Business, control tax-exempt assets of over \$15 billion. This colossal sum has been detached from the otherwise controlled national economy and, in most cases, turned over to an irresponsible rabble of Leftist and Establishment professors and ex-professors who have maneuvered control out of the indifferent hands of its capitalist donors. This foundation bureaucracy is now pouring out vast sums to remake American society in its own Leftist image. And, there is little hope that such foundations will alter their ways, unless compelled to do so by the demand of an outraged American people. In the case of the Ford Foundation, although three members of the Ford family sit on the Board of Trustees, there has never been any public indication that they are dissatisfied with the off-beat policies of the radical McGeorge Bundy and his administrators. Certainly none of the Ford grandsons publicly share the social concern of the founding Ford. Nor is the fifteen-member Board of Trustees likely to curb Bundy's revolutionary madness. The Board is a carefully picked collection of corporate bureaucrats and former appointees of the Roosevelt, Kennedy, or Johnson Administrations. Their slant on foreign policy is indicated by the fact that eight of the fifteen are also members of the *Insiders* club of radical internationalists, the Council on Foreign Relations.

With such names as J. Irwin Miller (former President of the National Council of Churches), and John Cowles (Publisher of *Look*), dotting the list, it is obvious that a repudiation of Bundy by Trustee action is most unlikely.

One thing, and one thing alone, could curb the present arrogance of these great foundations. That would be a change in the moral and intellectual climate of America. The radicalism of a Bundy-led Ford Foundation could not survive two weeks if it were not fed by the ignorance of an uninformed public, and by the encouragement of a Washington overrun with collectivists. There are convincing indications that this change of climate is coming. Bundy and his comrades at the Ford Foundation can be counted upon to do everything in their power to halt it.

But, frankly, I don't think they'll succeed. Certainly if a Congressional committee starts to take a hard look at the Ford Foundation, Mr. Bundy and his crew will be finished in short order. What about it, Senators McClellan, Mundt, and Williams? What about it, Congressmen Mills, Patman, and Broyhill? Will you act, now? ■ ■

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