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U.S. Department of Justice

Federal Bureau of Investigation
Washington, D.C. 20535

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FOIPA Request No. [REDACTED]
Subject: FBI Monograph: Funds and
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(SAC Letter No. 59-58: October 6, 1959)

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David M. Hardy
Section Chief,
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Enclosure(s)

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FUNDS AND FOUNDATIONS



FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
John Edgar Hoover, Director

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MONOGRAPH DATA

1. Title of monograph and date: Funds and Foundations,
October, 1959
2. Monograph recommended by: W. C. Sullivan
3. Monograph approved by: Director
4. Purpose of monograph: To set forth a study conducted into those funds and foundations having an actual--or potential--influence upon the internal security of the United States and the foreign policies of our Government. It includes a history and an analysis of charitable foundations and the subversive or questionable causes in which a number of them have invested their tax-exempt funds.
5. Monograph is complete in itself.
6. After a lapse of six months or a year, monograph will have current value.

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FUNDS AND FOUNDATIONS

October, 1959

Federal Bureau of Investigation
United States Department of Justice
John Edgar Hoover, Director

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PREFACE

This monograph is a study of the development and power of philanthropic foundations in the United States today.

It gives a brief history of foundations in general, an analysis of their wealth and influence, and the subversive or questionable causes in which a number of them have invested their tax-exempt funds.

The material contained in this monograph has been compiled from both public and confidential sources. The public sources are set forth at the end of the monograph. The confidential sources are being retained by this Bureau.

SUMMARY AND CONCLUSIONS

A. Summary

Foundations have a tremendous influence on Americans today if only from the sheer number of organizations involved and the colossal accumulations of wealth at their disposal. It is estimated, for example, that there are at least 7, 300 charitable bodies operating in the United States at the present time and, of these, the Ford Foundation alone is estimated to be worth approximately \$2, 500, 000, 000.

B. Conclusions

1. Many of the larger foundations--and, indeed, some of the smaller ones--capitalize on their trustees serving with the Department of State and other Government bodies to sway foreign policy. The World Peace Foundation, which claims only a "moderate income," can boast on its board of trustees the current Secretary of State, a former Assistant Secretary of State, a former Under Secretary of the Army, and a former member of the policy planning staff of the Department of State.
2. The Carnegie Endowment for International Peace openly proclaimed in 1934 that it was an "unofficial instrument of international policy" and that its conclusions often "find their way into the policies of governments."
3. The Rockefeller Foundation is alleged to have been influential in obtaining United States recognition of Soviet Russia during the 1930's.

4. Alger Hiss even after his indictment by a Federal grand jury continued to serve as president of the Carnegie Endowment for International Peace and as a trustee of the World Peace Foundation and the Woodrow Wilson Foundation.
5. Many of the trustees--like Hiss--have served on the boards of more than one foundation, taking grants out of one pocket and putting them into another. A study of 155 officials of major foundations showed that 131 had served on the boards of two or more of the organizations analyzed. In one large fund, the 20 trustees were found to be holding a total of 113 outside philanthropic positions; in another, 14 were found to be holding 85 different trusteeships.
6. At least two foundations have devoted the majority of their funds to communist front causes.
7. The Rockefeller Foundation donated more than \$2, 000, 000 to a communist front known as the Institute of Pacific Relations between 1929 and 1950, and in 1940, awarded a \$20, 000 grant to Hanns Eisler, who had been publicly identified as a German communist "revolutionary" and whom the Immigration authorities were then trying to have expelled from the country.
8. Foundations, as a whole, accomplish an untold amount of good in building and furnishing hospitals, increasing teachers' salaries, financing research, combating juvenile delinquency, and helping the needy. At the same time, since society is the beneficiary of their works, it is essential that foundations be aware of their responsibility to society and that care be exercised to make certain they do not fall into the wrong hands.

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I. DEVELOPMENT OF CHARITABLE FOUNDATIONS

A. Ancient Origin

Because most European countries discourage large, philanthropic foundations by refusing them tax exemptions and by applying rigid controls, the practice of corporate giving has come to be associated almost entirely with the United States. ⁽¹⁾ And yet, traces of the practice can be followed back down through the ages to the almost legendary days of the old Greek and Roman city-states. ⁽²⁾ In fact, there is active in England today The Worshipful Company of Farriers agricultural fund established nearly 150 years before Columbus set sail for the New World. ⁽³⁾

B. Early Opposition

Nor has the history of these foundations been a placid or a peaceful one. As far back as May 6, 1312, Pope Clement V was forced to dissolve the powerful order of the Knights Templar, which had antagonized the secular states by its enormous aggregation of tax-exempt wealth. ⁽⁴⁾ The Elizabethan Statute of Charitable Uses of 1601 was an acknowledgment of the importance of private endowments and offered them encouragement and protection following the depletions of the bloody struggles during the 16th

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century. By 1853, however, the pendulum had begun to swing back the other way, and charity abuses led to the creation of a permanent administrative board to govern the distribution of largess. (5)

C. Wide Range in Size and Interests

American funds range in size from the Wilmington Foundation, which at last report had an annual budget of \$1.51, to the Ford Foundation, which in 1956 alone donated more than half a billion dollars to various colleges, universities, hospitals, and related institutions throughout the country. (6) The subject matter also encompasses the whole spectrum, ranging from the Green Foundation in England, which provides green waistcoats for ladies named Green, to the Woodrow Wilson Foundation, which seeks to achieve international peace by the application of Wilson's 14 principles of peace. (7)

D. Growth of Foundations in the United States

The first major endowment in the United States was established by Benjamin Franklin in 1790 when he left a thousand pounds each to the cities of Boston and Philadelphia with the specification that the money was to be lent--at interest--to married apprentices of "upright behavior." (8) Since that time, the number of foundations has gradually gained momentum.

By 1920 there were 75, and at the present time there are more than 4, 100. These are the ones actually registered by name with the United States Government as tax-exempt, philanthropic bodies. The United States Department of Commerce estimates that the actual total is closer to 7, 300. (9) The rapid rate of growth in recent years may be noted by Maryland, which had only two in 1946 and 149 by 1955, or the State of New York, which grew from 236 to 1, 238 during the same period. (10)

E. Foundations Defined

A charitable organization, by name, may be a foundation, fund, corporation, institution, endowment, association, trust, union, commission, or any one of a number of other designations. By definition, according to the Department of Commerce, it must be a "non-profit legal entity having a principal fund of its own, or receiving charitable contributions of a living founder or founders, which is governed by its own trustees or directors, and which has been established to serve the welfare of mankind." Excluded from this definition are endowed religious and educational institutions, those which solicit endowment or operating funds, and those which conduct a clinical or other local program of benefit to a single institution or group. (11)

F. Types of Foundations

Generally speaking, funds and foundations may be broken down into six main classifications or categories:

1. The general research foundation (such as the Ford Foundation, the Rockefeller Foundation, and the like)
2. The special purpose foundation (such as the Emma A. Robinson Horses' Christmas Dinner Trust Fund and the Henry G. Freeman, Jr., Pin Money Fund to provide annuities for the wives of former United States Presidents)
3. The family or personal foundation (such as the Rockefeller Brothers Fund)
4. The corporation foundation (such as the Bulova Watch Company Foundation)
5. The community trust (such as the Cleveland Foundation and the New York Community Trust)
6. The Government foundation (such as the National Science Foundation) (12)

G. Tax Dodge

A typical example of how--or why--a charitable fund may come into being is furnished by the Ford Foundation. Until the Revenue Act of 1950 put a stop to internal book juggling, one of the most effective means of escaping Federal taxes had been the process of reorganizing a business as a foundation. Under this arrangement, the profits went to the foundation, but since they

were tax free, this hurt neither the company's competitive position nor the salaries of its executives.

As one expert on trusts and funds put it, the "Ford Foundation itself is a product of the tax laws." If Henry and Edsel Ford had left their Ford stock to Edsel's children instead of to the Ford Foundation, the heirs would have had to sell most of the stock they had inherited merely to pay off the hundreds of millions of dollars that would have fallen due under the estate taxes. By transferring 90 per cent of the stock--all nonvoting--to the foundation; however, the Fords found a way to have their cake and eat it too. They retained voting control of the company while having the satisfaction of knowing that the money had remained in friendly hands. (13)

H. Public Relations and Advertising

Since (except for a brief period during the Civil War) personal income taxes were not levied in this country until 1913 and charitable contributions were not allowed as deductions until 1917, this certainly is not the only answer to the establishment of the giant money trusts of the 20th century. The Rockefeller Foundation, for instance, was established in 1913, and the Carnegie Endowment for International Peace in 1910. But the burgeoning science of public relations would appear to offer the primary (14)

answer--that and possibly the guilty consciences of the so-called "Robber Barons" of the late 19th century. It would appear, in all likelihood, that the fabulous charities of John D. Rockefeller during the present century were an attempt to offset the feelings prevalent in the days when he had been hanged and burned in effigy at Titusville, Pennsylvania, the site of the first oil well
(15)
in the United States.

There is also the value of good-will advertising, although as one expert pointed out, this can boomerang dangerously, as when the "newspaper revelations of the antics of the Fund for the Republic" caused Ford sales
(16)
to plummet across the Nation. Foreign grants can also be used to further international business aims, as will be seen later in the case of the oil-minded Rockefellers. Other motives for establishing charitable trusts may be religious convictions, a sense of altruism, or merely a desire for personal aggrandizement or social recognition.

II. WEALTH AND INFLUENCE OF FOUNDATIONS

A. Dangers of Foundations

Whatever the reason for their inception, however, funds and foundations have become an integral part of the American scene. Their influence upon foreign policy, education, science, and social problems is a far-sweeping one. In addition to the money and names behind them, the organizations also have the prestige and guidance of a number of men renowned for their accomplishments in the above-mentioned fields. When misused or abused, these very assets work to the detriment of the foundations, their beneficiaries, and the country at large. Money is used to influence research projects in desired directions.

Grants have been awarded for various "screwball" undertakings or for irresponsible studies on such delicate matters as civil rights and private freedom by persons of questionable background. The names of reputable corporations and famous institutions have been lent to unsavory causes, thereby also lending an air of respectability to these causes. Slanted reports have been issued on matters of vital interest, thereby affecting the decisions of certain Government officials and school officials in the performance of

their duties. And overseas posts have been used by foundation officials to sway foreign policy of the United States regarding the countries concerned or to sway the actions of the foreign countries regarding the United States.

B. Areas of Operation

To understand the scope of influence of the major funds and foundations in the United States today, a total of 304 were analyzed as to their fields of interest. Naturally, there was some overlapping and duplication--particularly in the realms of religion, science, and education--but taken for their primary concerns, the various foundations were summed up as follows:

Education	105
Charitable Works	61
Medical Works and Studies	52
Science and Engineering	23
Aid to Youth	11
Religion	10
International Affairs	9
Social Sciences	8
Economics	8
Art Studies and Projects	8
Special Nationality Groups.	5
Civil Liberties and Race Matters	4 (17)

C. The "Big Six"

Scarcely anyone familiar with the picture can deny that money-giving is a big business. Of the more than 4,100 foundations known to the Department of Commerce, their aggregate wealth has been estimated as falling between seven and nine and one-half billion dollars. In 1953, between one third and one half of this wealth was consolidated in the hands of only 77 organizations. And of this total, \$1,269,500,000 was in the hands of the "Big Six": Ford, Rockefeller, Carnegie, W. K. Kellogg, Duke, and (18) Pew. It is interesting to note that although the Reece Committee--the Special House Committee To Investigate Tax-Exempt Foundations and Comparable Organizations, 1954--was unable to criticize the operations of the last three, the same could not be said for the Ford, Rockefeller, and (20) Carnegie foundations.

D. Influence on Education

The influence foundations can have on American education was made clear recently in a report by the American Alumni Council on contributions made to leading universities. According to the Council's 1959 study, 610 of the country's major private universities receive only one fourth of their contributions in the form of alumni gifts. The other three quarters comes from nonalumni individuals, the Federal Government, and private (21) foundations.

Regarding this situation, the Reece Committee reported that "Scholars and fund raisers both soon learn to study the predilections, preferences and aversions of foundations' executives and benefit from such knowledge by presenting projects likely to please them." That school officials cannot place themselves in a position to bite such a prodigal hand is evidenced by the fact that in 1956 alone the Ford Foundation doled out \$210, 000, 000 to American colleges and universities, plus another \$90, 000, 000 to various medical schools. In July, 1959, for instance, the American Mercury magazine stated that "the Ford Foundation has become a sort of super-government in the field of American higher education."⁽²²⁾⁽²³⁾

E. Advisory Council of Foundations

As if this strangle hold on the training ground of youth were not enough, a council to finance higher education was created by officials of the Ford, Rockefeller, Carnegie, and Alfred P. Sloan foundations, each of which contributes \$60, 000 annually to its upkeep. The money, strangely enough, goes not to the direct support of higher education, but to pay a staff which advises corporations on how to spend their money, and colleges and universities on how to get it.⁽²⁴⁾

F. Gellhorn Grant

A flagrant example of the awarding of a delicate study to a person of questionable background occurred in 1948, when the Rockefeller

Foundation granted \$110,000 to Cornell University for a study of the Government's Loyalty Program, with Professor Walter F. Gellhorn, of Columbia University, in charge. Gellhorn was identified on November 1, 1952, as a former Communist Party, USA,* member by Louis F. Budenz, former managing editor of the Daily Worker.*

Gellhorn publicly denied this allegation a month later, but was unable to refute a newspaper article which, in 1937, identified him as temporary First Vice President of the National Lawyers' Guild.* He also ignored a speech before the United States House of Representatives by Representative Martin Dies on February 2, 1943, which named him as one of a group of Government employees "affiliated with communism." Despite the adverse publicity brought on by disclosures of Gellhorn's past, the Rockefeller Foundation made an additional grant of \$20,000 to his project in 1950, and The Fund for the Republic awarded him a fellowship for research (25) in 1955.

G. Sex Studies Financed

No better instance of a reputable name being lent to enhance an unsavory cause can be found than that offered by the Rockefeller Foundation's

*See Appendix for citation.

support of the Kinsey sex studies. Between 1941 and 1949, the foundation poured approximately \$414,000 into the controversial researches of (26)
Dr. Alfred Kinsey and his intrepid band of assistants. As a result of these subsidized studies, Dr. Kinsey's book, Sexual Behavior in the Human Female, was able to stun the American public with some highly startling "revelations."

A few of these include the theories that: (1) sexual relations between preadolescent children and adults (rape not being excluded) may have (27)
"contributed favorably to their (the children's) later socio-sexual development"; (2) "...premarital socio-sexual experience...should contribute to this development of emotional capacities. In this, as in other areas, learning at an early age may be more effective than learning at any later age after (28)
marriage"; and (3) premarital sexual experience "provides an opportunity for the female to adjust emotionally to various types of males....we have seen many hundreds of marriages ruined by the failure of the partners to learn before marriage that they could not adjust emotionally or sexually to (29)
each other."

So contrary to accepted codes of morality and behavior were these theories and observations, that an article in Harper's Magazine exclaimed, "they would be unbelievable but for the impressive weight of

(30)
scientific agencies backing the survey." Among the agencies so listed by the writer of the article were the Rockefeller Foundation's Medical Science Division and the University of Indiana.

H. "Unofficial" State Department

If anyone maintains that the money and influence behind some of the major foundations dealing in foreign relations could not affect the decisions of certain Government officials in the performance of their duties, then he is not facing facts. As far back as a quarter of a century ago, the Carnegie Endowment for International Peace was boasting that it had become "an unofficial instrument of international policy, taking up here and there the ends and threads of international problems and questions which the governments find it difficult to handle, and through private initiative reaching conclusions which are not of a formal nature but which unofficially find their way into the policies of governments." (31)

Nor was this boast an empty or meaningless one. An individual who has made a study of the activities of the Rockefeller Foundation, for instance, has credited it with exerting the pressure that led to the recognition of Soviet Russia by the United States during the 1930's. He offered his reason for the pressure as being Standard Oil's desire to negotiate oil contracts with the Soviet leaders. (32) As will be brought out later, under the individual

organizations, wholesale lots of officials or trustees of various foundations have been--or are--employed by the United States Department of State.

I. Federal Government Studies

Other attempts to influence Government officials, either directly or indirectly, can be discerned in two recent research projects of note. The University of Illinois, under a \$242,000 grant from the Ford Foundation, is currently making a four-year study of the correctional programs of the Federal Government. Similarly, the University of Chicago and Cornell University, under a \$130,000 grant from the Carnegie Corporation, are making a combined study of Federal executives to determine how opportunities in the Federal service compare with those in private industry.

J. Danger of Interlocking Trusteeships

One of the real dangers stemming from funds and foundations is their proclivity toward interlocking trusteeships. A study into this matter revealed that of 155 officials of major foundations in the United States, 131 (33) were trustees in two or more of the foundations analyzed. Still another study noted that one large foundation had 20 trustees who held a total of 113 trusteeships with other charitable organizations, and another had 14 (34) trustees holding 85 outside philanthropic positions.

From this, it would appear that one of two evils is taking place: either the trustees are concentrating the controls of a large number of tax-exempt, power-laden organizations in the hands of a small number of men, or else they have so many overlapping, time-consuming jobs to contend with that they are unable to give proper guidance to the organizations entrusted to them and hence are allowing small groups of unsupervised "professional administrators" to take over the controls from them.

In either event, the danger is approximately the same, and in practice, it would appear that a combination of the two situations is gradually evolving. The trustees--often holding two or three outside posts while attached to some position of importance with the Government--take money out of one pocket and put it into another, by making grants from one foundation to another. The professional administrators, on the other hand, overlook the trustees' dealings in these matters in exchange for a free hand in operating more or less as they want.

(35)

III. SUBVERSIVE OR QUESTIONABLE CAUSES SPONSORED BY FOUNDATIONS

In trying to determine whether these all-pervasive bodies use their power for good or evil, it becomes obvious from the very beginning that not all of them act, or react, in the same manner. There are those organizations at the far left of the scale which have been founded, nurtured, and designed to promote causes inimical to the best interests of the internal security of the United States. There are those organizations which were once dedicated to unsavory or questionable causes, but which have since lost their original sponsors, and are no longer dedicated to the earlier causes. There are those other organizations which, while having no particularly subversive background, can be used by "do-gooding" or communist-minded administrators to lend the prestige of their names and their enormous accumulations of wealth to subversive causes. And finally, there are those organizations which are dedicated to the principles of the American way of life and which have been used by their officials to help the Government and the country as a whole.

A. Foundations Aiding Communist Movement

1. Robert Marshall Foundation

This foundation, established by the will of Robert Marshall, who died in 1939, was designated for "the promotion and advancement of an economic system in the United States based upon the theory of production for use and not for profit." The principal administrator of the foundation has been Robert Marshall's brother, George, reportedly a long-time Communist Party member. The Robert Marshall Foundation was one of the main sources of funds with which communist fronts were financed in the years between 1940 and 1953. Substantial sums of money were given to such communist fronts as the American Youth for Democracy,* California Labor School,* Civil Rights Congress,* Council for Pan-American Democracy,* National Negro Congress,* and Labor Research Association, Incorporated.* By August, 1959, however, the bank balance of the Robert Marshall Foundation had reportedly fallen below the \$10,000 mark.

2. American People's Fund

The American People's Fund was formed in 1942 ostensibly as a charitable, educational, and scientific trust with Frederick Vanderbilt Field as president. Field, who has been a member of the Communist Party for years, has been the heaviest financial contributor to communist

*See Appendix for citation.

enterprises and causes during the past 25 years. The American People's Fund made cash disbursements to such well-known communist front organizations as the National Council of American-Soviet Friendship, * Institute of Pacific Relations, * American Committee for Protection of Foreign Born, * and Labor Youth League, * as well as to a number of persons reliably reported to be communists.

3. Rosenberg Foundation

A good example of a foundation which appears to have reversed its direction since earlier days is the Rosenberg Foundation of San Francisco. Established in 1936, it operates generally in the fields of community health, education, and recreation. Louise Rosenberg Bransten, a prominent communist and niece of the founder, served on the foundation's board of directors from 1936 to 1951. During her tenure as a board member, there is evidence that through her influence some funds were given to organizations controlled or infiltrated by communists. The California Labor School and the American Russian Institute of San Francisco* were among the front groups that received financial assistance from this foundation. Bransten has not been affiliated with the foundation since 1951, and several years ago it was described as a presently "well-intentioned philanthropic body."

*See Appendix for citation.

B. Prominent Foundations Susceptible to Subversive Manipulation

In any discussion of those organizations which can be used by trustees or administrators to lend the prestige of their names and their enormous accumulation of wealth to subversive causes, the spotlight must immediately be focused on the "Big Three": Ford, Carnegie, and Rockefeller.

1. Rockefeller Foundation

a. \$2,000,000 to Institute of Pacific Relations*

It has been mentioned above that the Rockefeller Foundation was reportedly instrumental in influencing American recognition of the Soviet Union during the 1930's. Part and parcel of the same operation, and possibly just as little known by the general public, is the fact that this foundation all but established and maintained the notorious Institute of Pacific Relations from 1929 to 1950. During that time it granted the institute more than \$2,000,000, including \$55,000 in 1929; \$283,499 in 1930; and \$110,000 in 1950.
(36)

b. Eisler Grant

One of the most controversial battles involving the Rockefeller Foundation, however, concerned a 1940 grant of \$20,160 to Hanns Eisler, brother of the prominent Soviet agent, Gerhart Eisler, for a two-year study
*See Appendix for citation.

of music in film productions. Despite the facts that the Daily Worker, in 1935, described Hanns Eisler as a leader in the "spreading of revolutionary music among the German workers" before his migration to the United States; that Pravda, official organ of the Central Committee of the Communist Party of the Soviet Union, referred to him as a member of the "proletariat 'agitpropgroup' (agitation-propaganda group)" in 1927, as well as one who had been successful in forming a "communist wing"; and that the United States Immigration and Naturalization Service was even then attempting to deport Eisler, the Rockefeller Foundation, in February, 1940, awarded him a \$20,000 research grant. Less than six months later there was a warrant out for Eisler's arrest, charging him with violating the immigration laws of the United States.⁽³⁷⁾

c. Rockefeller Head Termed "Dupe"

Dean Rusk, president of the Rockefeller Foundation since 1952, has admitted that he was formerly a member of the Institute of Pacific Relations. He was also Special Assistant Secretary of War from 1946 to 1947; director of the Office of United Nations Affairs, United States Department of State, from 1947 to 1949; Assistant Secretary of State and Deputy Under Secretary of State from 1949 to 1951.⁽³⁸⁾

Freda Utley, former research worker in the Institute of World Economy and Politics at Moscow, had the following to say regarding Rusk in her book, The China Story:

"Dean Rusk has proved that he must be classified among the dupes of the Chinese Communists. On June 14, 1950, he told the World Affairs Council Conference of the University of Pennsylvania that the Chinese 'Revolution' is 'not Russian in essence' and 'does not aim at dictatorship.' "

Here is a former high official of the State Department and president of the second largest foundation in the country on record, and as Utley says, not even "Mao Tse-tung nor Stalin... ventured to give such a clean bill of health to the Chinese Communists..." (39)

2. Ford Foundation

a. Ford Dwarfs Competitors

The Ford Foundation is famous for two things: its fantastic size and the fact that in October, 1951, it established the infamous Fund for the Republic, which has been a thorn in the side of American internal security ever since. The size of this foundation is well worth a quick glance in order to evaluate its influence on the country at large.

In the first place, it is extremely difficult to arrive at the exact worth of an organization as large and as complex as the Ford Foundation.

Rene A. Wormser, general counsel to the Reece Committee during 1953 and 1954, estimated its value as being approximately \$520,000,000 in 1953, or more than twice the size of the next two largest foundations (the Rockefeller Foundation and the Carnegie Corporation) combined. (40)

Dwight Macdonald in his book, The Ford Foundation, states, however, that the true worth of the organization must be based on the market value of the 90 per cent of the Ford Motor Company stock that it owns, which would have amounted to approximately \$2,500,000,000 in 1955. A partial corroboration of this estimate can be noted in the fact that Ford Foundation grants for 1956 alone totaled more than \$500,000,000. (41)

Obviously, no other foundation in the country can come even close to this type of spending. Its grants of \$68,000,000 in 1954, for instance, were more than four times what the Rockefeller Foundation averages in a given year and more than ten times what the Carnegie Corporation averages a year. In fact, its 1954 expenditures amounted to one fourth of all the money donated by all the charitable foundations in the United States combined. (42)

Regarding The Fund for the Republic, its status as a tax-exempt organization has been under study by the Internal Revenue Service for the past several years, and on September 1, 1959, the House Committee on

Un-American Activities approved a resolution recommending that the Secretary of the Treasury be "urgently requested to make public the facts developed as a result of the investigation."

b. Ford Grants

Between the years 1951 and 1954, the Ford Foundation made donations of \$186,000,000 in the form of educational grants, aid to international programs, and projects in sociology, psychology, economics, and political science.

Typical of the Ford grants made was that announced by a Philadelphia newspaper in September, 1959, of a study to be made of the methods used by law enforcement officers in the identification of suspected criminals. Ironically, one of the college officials chosen to head the program was sentenced to prison terms of six months and two years in 1943 and 1945, respectively, for violations of the Selective Service and Training Act. Another of his associates was (43) reportedly a member of the Communist Party in 1944.

c. International Goals

Its international programs include: (1) the financing of refugee work; (2) the encouraging and financing of the study of foreign nations by American scholars and laymen; and (3) the aiding of "overseas development," which means the donation of money to local institutions abroad and the introduction of (44) American technology and know-how to backward countries.

d. Potential Threat

Fortunately for the people of the United States, the Ford Foundation has not consciously engaged in, or sponsored, to date, any activities of a subversive nature; that is, if one overlooks the establishment of The Fund for the Republic--which even the foundation officials later came to accept as a mistake--and the hiring of Earl Browder, former general secretary of the Communist Party, USA, as an "expert" on communism. If all this wealth and power should ever be turned against the country that has made them possible, however, a most serious development will have occurred, and no less than a genuine prophet could speculate as to the consequences of such an event.

3. Carnegie Endowment

a. Carnegie Endowment Hires Alger Hiss

Number three, moneywise, in the ranking of major foundations, is the Carnegie Corporation. One of its primary offshoots is the Carnegie Endowment for International Peace, founded back in 1910. Unlike the Rockefeller Foundation, the Carnegie Endowment is not reported to have been influential in the recognition of Soviet Russia or to have flouted the security interests of the country by granting a \$20,000 award to a known

subversive. Unlike the Ford Foundation, it has neither established a Fund for the Republic nor paid Earl Browder as an "expert" in communism. But it did have Alger Hiss as president from December, 1946, to May, 1949. (46) And it did have as a trustee from 1937 until at least 1948, one Philip C. Jessup. (47)

In August, 1948, Whittaker Chambers, a confessed Soviet espionage agent, appeared before the House Committee on Un-American Activities (HCUA) and charged Alger Hiss with membership in an underground group of the Communist Party, USA. Hiss denied the charges under oath before the HCUA and challenged Chambers to repeat them where they would not be privileged against suit for libel. Chambers repeated his charges on a radio program August 27, 1948, and a month later Hiss filed a civil suit for libel.

During a pretrial hearing on the libel suit, Chambers produced documents, consisting of summaries and/or excerpts from State Department papers, to support a new charge against Hiss--espionage. On December 2, 1948, Chambers delivered to investigators of the HCUA the now-famous "pumpkin papers." On the basis of this additional disclosure, Chambers and Hiss were summoned before a Federal grand jury in New York. On

December 15, 1948, the grand jury indicted Hiss on two counts of perjury. Hiss was tried twice. The first trial ended with a hung jury and the second, with his conviction on January 21, 1950. He was sentenced to five years. His conviction was affirmed and the Supreme Court denied certiorari. On November 27, 1954, he was released from prison.

It is interesting to note that just as a number of prominent Americans "were reluctant to turn their backs" on Hiss, so too was the Carnegie Endowment. Even after the "pumpkin papers" had been retrieved and a grand jury indictment returned against Hiss, the Endowment officials refused to discharge him from his \$20,000-a-year post. When Hiss finally offered to resign, under considerable adverse publicity, he was granted a leave of absence to extend to the end of his appointment in 1949. Although it did not receive the same newspaper coverage, Hiss continued his service unchallenged as a trustee on both the World Peace Foundation and the Woodrow Wilson Foundation during the same period. (48)

b. Philip C. Jessup with Same Groups

Like Hiss, Philip C. Jessup held a number of positions of importance with the Department of State. In 1943, he was chairman of the Office of Foreign Relief; in 1948, Deputy United States Representative on the United

Nations Security Council; and from 1949 to 1953, Ambassador at Large. Also, like Hiss, in addition to acting as a trustee for the Carnegie Endowment, Jessup served in a similar capacity with both the World Peace Foundation and
(49)
the Woodrow Wilson Foundation.

Jessup has admitted having sponsored two dinners given by the American Russian Institute for Cultural Relations with the Soviet Union* in 1944 and 1946. He also admitted having served as a trustee of the American Institute of Pacific Relations from 1933 to 1945, as chairman from 1939 to 1940, and as chairman of the Pacific council of the institute from 1938 to 1939 and from 1940 to 1942. In 1939 and 1940, Jessup was a member of the board of sponsors of the National Emergency Conference for Democratic Rights.* During Alger Hiss' second trial, Jessup testified as a character witness, stating that he had had close, friendly social contacts with Hiss since the San Francisco United Nations conference in 1945. On June 2, 1945, Professor S. B. Krylov, Soviet delegate to the San Francisco conference, remarked to a fellow Soviet official that Jessup "is a very important person and is very useful to us."

c. College Clubs

The Carnegie Endowment for International Peace had a \$10,000,000 endowment as of 1950, and was sponsoring international relations clubs in

*See Appendix for citation.

(50)

approximately 850 colleges and universities. Although there is no indication that any subversive projects have been sponsored by the endowment to date, if it should ever be swayed in that direction by men of the likes of Hiss and Jessup, it would be in a position to do a tremendous disservice to both American education in particular and the whole United States in general.

4. World Peace Foundation

Not all philanthropic bodies are the towering organizations of Ford, Rockefeller, and Carnegie, rolling in a mass of accumulated wealth that they are hard-pressed to give away. It is easy to visualize the impact on American thinking of the larger foundations and their affiliates. But what is the power of the smaller ones? Just how influential are they, and just how much damage could they do to international relations if they happened to get into the wrong hands? In an attempt to answer these questions, the World Peace Foundation, of Boston, Massachusetts, has been singled out as having the requisite characteristics to serve as an illustration for the others in its general category, on both the good and bad sides of the ledger. It is an excellent example of just how important some of these smaller groups can become.

a. Peace Promotion

The World Peace Foundation was incorporated under Massachusetts laws in 1910 as a nonprofit organization without capital stock. It was originally listed as the International School of Peace, and was founded by Edward Ginn, a well-known publisher in Boston, for the purpose of forwarding the cause of world peace. This purpose has been accomplished principally by means of its publications and the maintenance of a reference service which furnishes, by request, information on current international problems. It also promotes a study-group program which brings together experts on American foreign relations, world economics, and political problems.

b. Board of Trustees

An organization is, however, only a collection of human beings, and any attempt to determine the aims and motives of a given organization must take into account the aims and motives of that body's leaders. Accordingly, a study was made of the following 1955 trustees of the World Peace Foundation:

Frank Aydelotte
James Phinney Baxter III
Harvey Hollister Bundy
Christian Archibald Herter
Bruce Campbell Hopper
Manley Ottmer Hudson

Joseph Esrey Johnson
Donald Cope McKay
Tracy Stebbins Voorhees
Arnold Oscar Wolfers

(1) Frank Aydelotte

Dr. Frank Aydelotte, who died on December 17, 1956, had been a trustee of the World Peace Foundation since 1927. He also served as president of Swarthmore College, Swarthmore, Pennsylvania, from 1921 to 1940; chairman of the Committee on Scientific Personnel, Office of Scientific Research and Development, in 1942; member of the Anglo-American Committee of Inquiry on Palestine, 1945 to 1946; director of the Institute for Advanced Study, Princeton, New Jersey, from 1939 to 1947; and chairman of the Educational Advisory Board, John Simon Guggenheim Memorial Foundation, (51) from 1925 to 1950.

On January 23, 1943, Dr. Aydelotte testified before the Interdepartmental Visa Review Committee in behalf of an applicant for an immigration visa. During this testimony, he was specifically asked if the Institute for Advanced Study would refuse a professorship to an individual known to be a member of the Communist Party. Aydelotte stated that he would decline to answer the question specifically, but added that personally

he did not consider such membership to be a bar. He said that the intellectual attainments of a given candidate were the matter of interest to the board of trustees.

(2) James Phinney Baxter III

James Phinney Baxter III, in addition to acting as a trustee for the World Peace Foundation, has served as president of Williams College, Williamstown, Massachusetts, since 1937. His positions with the Government include those of lecturer, Naval War College, 1932 to present; director of research and analysis, Office of the Coordinator of Information, 1941 to 1942; deputy director, Office of Strategic Services, 1942 to 1943; and historian, Office of Scientific Research and Development, 1943 to 1946. In 1947, he won (52) the Pulitzer prize for history, with his work entitled Scientists Against Time.

In October, 1941, Baxter recommended the appointment of one Maurice Halperin to the Office of Strategic Services. In public testimony before the HCUA on July 31, 1948, Elizabeth Terrell Bentley, a self-described espionage courier, identified Halperin as a Communist Party member and as a person who had furnished her with espionage information during the period she was active. The Daily People's World* on March 23, 1951, carried an article entitled "College President Scores Loyalty Oath." In it, Baxter was

*See Appendix for citation.

quoted as saying that "Insistence on loyalty oaths for teachers had decreased morale remarkably and made it hard to recruit new professors at the University of California." (53)

(3) Harvey Hollister Bundy

Harvey Hollister Bundy was Assistant Secretary of State from 1931 to 1933, and Special Assistant to the Secretary of War from 1941 to 1945. He has also served as a trustee of the World Peace Foundation since at least 1941 and as chairman of the Board of the Carnegie Endowment for International Peace since 1953. (54) In the meantime, his private life and professional career have been tied in quite closely with those of Alger Hiss. Both served as secretary to Supreme Court Justice Oliver Wendell Holmes (Bundy from 1914 to 1915; Hiss from 1929 to 1930); both worked for the law firm of Choate, Hall, and Stewart in Boston, Massachusetts, from 1930 to 1932 (of which firm Bundy is now a partner); both have been associated with the Department of State (in fact, Hiss gave Bundy as a reference when he first applied for a position there); and both have been associated with the World Peace Foundation and the Carnegie Endowment for International Peace. (55) They have also been associated in that Bundy's son, William Putnam Bundy, contributed \$400 to the defense of Alger Hiss when the latter was on trial for perjury.

Harvey Bundy was a member of the American Council of the Institute of Pacific Relations from 1937 to 1939.

(4) Christian Archibald Herter

Christian Archibald Herter is the recently appointed Secretary of State. Prior to this, he served as a member of the 78th through the 82nd Congresses from 1943 to 1953; Governor of Massachusetts from 1953 to 1957; and as Under Secretary of State from 1957 to 1959. Herter has been a trustee of the World Peace Foundation since at least 1941. (56)

(5) Bruce Campbell Hopper

Bruce Campbell Hopper is a lecturer at the Naval War College, the Army War College, and the Armed Forces Staff College and member of the Educational Exchange Program for the Department of State. From 1926 to 1929, he was an observer for the Institute of Current World Affairs in the Soviet Union; from 1945 to 1947, he was a consultant to the commanding general of the Air Force; in 1956, he served as a lecturer at the Institute of Aeronautical Sciences; and, at an unspecified date, he served as a member of the Air Force Academy Site Selection Board for the Air Force Historical Foundation. (57)

The Daily Worker for January 5, 1937, carried an article stating that Hopper had delivered a speech on the Soviet Union at the American Russian Institute. (58) The records of the HCUA reveal that one Bruce Hopper had written an article entitled "Seeds of Tomorrow in Taiga and Steppe," which had appeared on page 73 in Soviet Russia Today* in 1937.

Owen Lattimore testified before the subcommittee of the Senate Foreign Relations Committee in April, 1950, and inserted into the records of that body excerpts from letters written by individuals in his behalf. One such excerpt was from a letter written by B. C. Hopper, professor of government at Harvard University. On December 16, 1952, Lattimore was indicted by a Federal grand jury in Washington, D. C., on seven counts of perjury arising out of his testimony before the Senate Internal Security Subcommittee investigating the Institute of Pacific Relations. Federal Judge Luther W. Youngdahl dismissed four of the counts on May 2, 1953; the Federal Court of Appeals restored two of them on July 8, 1954; and (59) the Attorney General ordered all charges dismissed on June 28, 1955.

(6) Manley Ottmer Hudson

Manley Ottmer Hudson has been a member of the board of trustees of the World Peace Foundation since at least 1941. He also served as

*See Appendix for citation.

consultant to the Department of State from 1912 to 1946; member of the United Nations Committee on the Administrative Tribunal in 1946; member of the United Nations International Law Commission; and judge on the Permanent Court of International Justice from 1936 to 1946. Hudson was affiliated with the American Russian Institute for Cultural Relations with the Soviet Union, being a member of the advisory committee for that organization in approximately 1934 or 1935.

(7) Joseph Esrey Johnson

Joseph Esrey Johnson, in addition to acting as a trustee for the World Peace Foundation, has been president and trustee of the Carnegie Endowment for International Peace since 1950. He also served as acting chief and chief, Division of International Security Affairs, United States Department of State, 1944 to 1947; expert, United States delegation to the United Nations Conference on International Organization, San Francisco, California, 1945; advisor, United States delegation to the first session of the General Assembly of the United Nations, 1946; member, policy planning staff, Department of State, 1947; Deputy United States Representative, Interim Committee, United Nations General Assembly, 1948; and professor, Williams College, Williamstown, Massachusetts, 1947 to 1950.

Johnson has said that Alger Hiss had been his supervisor in the Department of State and that they had worked together closely on a number of projects, including that of establishing United States policy on international control of atomic energy in 1946. He has stated that he had been in close contact with Hiss until he (Johnson) left the Department of State in 1947, and that he had seen Hiss "occasionally" since then. In 1949, the International Organization, official publication of the World Peace Foundation, listed Hiss and Johnson as trustees of the foundation. Regarding this relationship, Freda Utley, in her book, The China Story, said:

"When... a leakage of top secret information was traced to the Division of International Security Affairs (whose function was to service the United States representatives in the United Nations), its chief, Joseph E. Johnson, resigned. Johnson had formerly been Alger Hiss's top assistant at the State Department." (62)

In 1938, Johnson contributed \$50 to the Friends of the Abraham Lincoln Brigade* in memory of a childhood friend who had been killed while fighting for the Spanish Loyalists. In 1951, he was a member of the board of trustees of the American Institute of Pacific Relations.

*See Appendix for citation.

(8) Donald Cope McKay

Donald Cope McKay is a professor of history at Harvard University and, from 1946 to 1952, was chairman of the Faculty Committee on International and Regional Studies. He has been a trustee of the World Peace Foundation since 1953. From 1941 to 1944, he served as a member of the board of analysts, Office of the Coordinator of Information and Office of Strategic Services. (63)

(9) Tracy Stebbins Voorhees

Tracy Stebbins Voorhees was Special Assistant to the Secretary of War from 1946 to 1947; War Department Food Administrator for Occupied Areas from 1947 to 1948; Assistant Secretary of the Army from 1948 to 1949; Under Secretary of the Army from 1949 to 1950; Defense Advisor to the United States Mission to the North Atlantic Treaty Organization (with the rank of minister), and Director of Offshore Procurement in Europe for the Secretary of Defense, from 1953 to 1954; consultant to the Secretary of Defense 1954; and chairman of the President's Committee for Hungarian Refugee Relief from 1956 to 1957. He has been a trustee of the World Peace Foundation since 1947. (64)

(10) Arnold Oscar Wolfers

Arnold Oscar Wolfers was president of the World Peace Foundation in 1955, but since 1957 has been director of the Johns Hopkins Washington Center of Foreign Policy Research. From 1942 to 1944, he was an expert consultant with the Office of the Provost Marshal General; from 1944 to 1945, he was a consultant with the Office of Strategic Services; and in 1947, he was (65) a member of the resident faculty of the National War College.

c. Influential Board

To date, there has been no indication that the World Peace Foundation has had any affiliation with--or been subjected to any infiltration by--organizations of a subversive nature. As in the case of the Ford Foundation, this is most fortunate for the people of the United States, for although it has been described by one of its officials as operating on a "moderate income," any organization that can claim the Secretary of State, a former Assistant Secretary of State, a former Under Secretary of the Army, and a former member of the policy planning staff of the Department of State as trustees is in a position to exert untold influence on our Nation's foreign policy.

IV. FOUNDATIONS PROMOTING SECURITY OF UNITED STATES

The first two categories of funds and foundations studied above include those which have favored causes inimical to the best interests of the United States and those which, although not sponsoring questionable or subversive causes to date, are nevertheless so powerful and influential that any step by them in that direction could conceivably bring great harm upon this country. The third category--yet to be explored--includes those philanthropic foundations which have actually taken positive steps to aid the internal security efforts of the United States. Among these might well be included the American Heritage Foundation, which was incorporated in 1947 as a "non-partisan, non-political, educational organization functioning in the interest of a higher level of citizenship throughout the United States." Its first four programs have been the nationwide tour of the Freedom Train, the "get-out-the-vote" campaign of 1950, the national program commemorating the 175th anniversary of the Declaration of Independence in 1951, and the National Non-Partisan Register and Vote Campaign of 1952.

V. RESPONSIBILITY OF FOUNDATIONS TO SOCIETY

Funds and foundations receive from society certain highly advantageous concessions, not the least of which is exemption from taxes. In return for these privileges, and in view of the fact that the ultimate beneficiary of their works is society itself, it would seem entirely proper that these philanthropic bodies should be held accountable for their stewardship. Likewise, the men who operate them often have a power far greater than that granted to any elected or appointed Government officials. The latter are held to an exact loyalty. No such restraints are placed upon the trustees or officers of charitable foundations. They may support their favorite causes or see that donations are made to institutions or organizations on whose directive boards they also sit. They may be donors and recipients at the same time. They may favor their friends or relatives and pay salaries and fees without limitation.

So far, it would appear that most funds and foundations are being used for legitimate purposes and are accomplishing much good. They are building hospitals, increasing teachers' salaries, financing research into

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the causes of disease, preventing and curing juvenile delinquency, giving aid to the poor, donating to religious causes, providing funds for struggling young scientists, and helping talented artists, composers, and writers.

Unfortunately, as with any group, there are a handful that use their funds to the detriment of their country and their fellow citizens. It is important that Americans learn to distinguish between the two and encourage the former while keeping a vigilant eye on the latter.

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APPENDIX

ORGANIZATIONS AND PUBLICATIONS MARKED FOR CITATION

Listed below are the names of organizations and publications in the preceding pages which were marked by asterisks for citation in the Appendix.

Those organizations or publications cited by congressional or state committees are listed in the Guide to Subversive Organizations and Publications prepared and released by the Committee on Un-American Activities, U. S. House of Representatives, Washington, D. C., January 2, 1957. Those cited by the committees have been identified in the following list by the page number on which the citations appear in the Guide.

Those designated by the Attorney General of the United States pursuant to Executive Order 10450 have been identified with the notation: Executive Order 10450.

American Committee for Protection of Foreign Born (Executive Order 10450)

American Russian Institute for Cultural Relations with the Soviet Union (Executive Order 10450)

American Russian Institute of San Francisco (Executive Order 10450)

American Youth for Democracy (Executive Order 10450)

California Labor School (Executive Order 10450)

Civil Rights Congress (Executive Order 10450)

Communist Party, USA (Executive Order 10450)

Council for Pan-American Democracy (Executive Order 10450)

Daily People's World (Guide, p. 100)

Suspended publication in February, 1958; now published on a weekly basis as the People's World.

Daily Worker (Guide, p. 100)

Suspended publication in January, 1958; now published on a weekly basis as The Worker.

Friends of the Abraham Lincoln Brigade (Guide, p. 40)

Institute of Pacific Relations (Guide, p. 45)

Joint Anti-Fascist Refugee Committee (Executive Order 10450)

Labor Research Association, Inc. (Executive Order 10450)

Labor Youth League (Executive Order 10450)

National Council of American-Soviet Friendship (Executive Order 10450)

National Emergency Conference for Democratic Rights (Guide, p. 62)

National Lawyers' Guild (Guide, p. 64)

National Negro Congress (Executive Order 10450)

Soviet Russia Today (Guide, p. 108)

Suspended publication in March, 1951; now published under title of New World Review.

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