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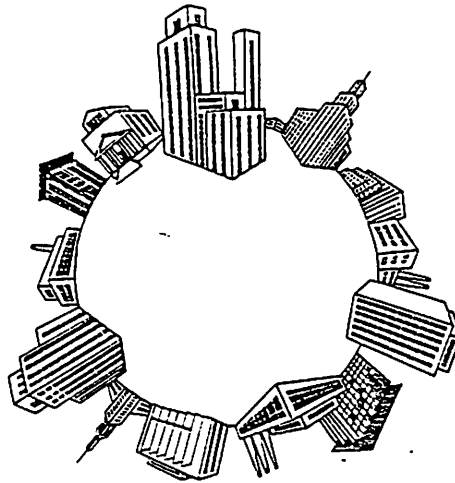
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TAX-EXEMPT FOUNDATIONS

THEIR IMPACT
ON THE WORLD



FOUNDATIONS

“The result . . . of the network in which [the tax-exempt] 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 in scorn as a result of the changes fostered by the foundations’ control of education The foundations are fostering under the guise of public spirited largesse a theory and philosophy totally diverse from that of the Founding Fathers. A joining of the power of law with that of wealth has been used to wean us from our loyalty to the principles of individual liberty Wealth controls culture. Since their inception the foundations have used their wealth to change American culture to one of collectivism.”

Norman Dodd

The Foundation World

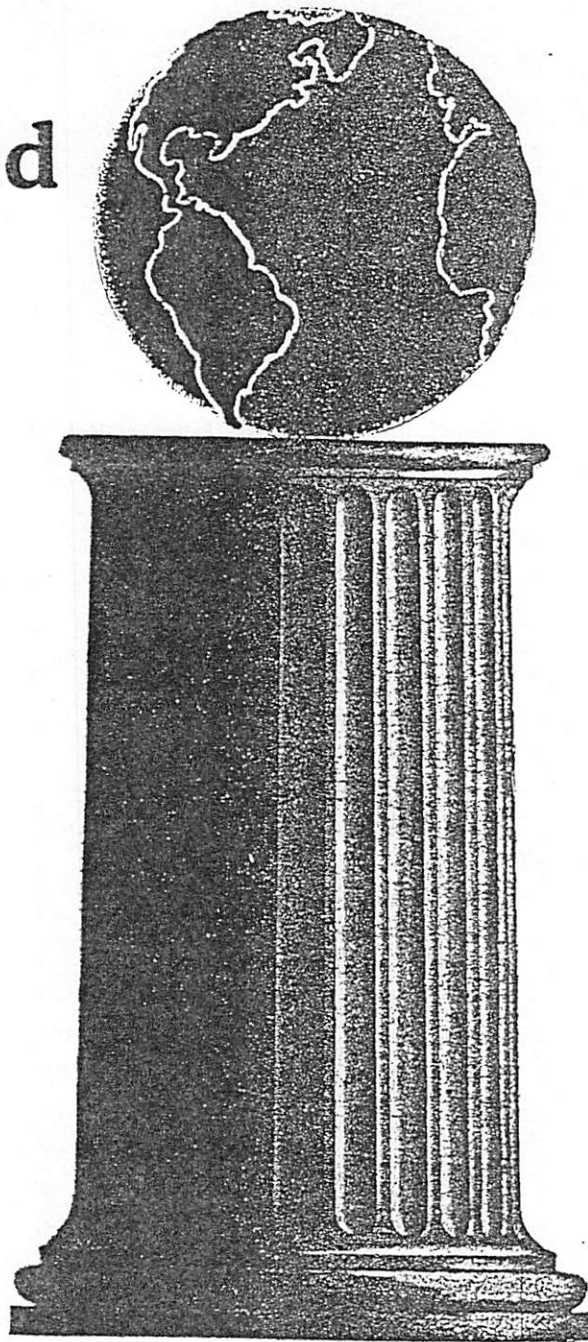
Its Impact and Influence on America

by
Michael Loyd Chadwick
Editor

Between 1933 and 1953 a change took place in the United States which was so drastic it could be accurately described as a "revolution." It was during these critical years that the nation's worst depression occurred and the American people became involved in a catastrophic world war. Shortly afterwards they found themselves in a no-win "undeclared war" in Korea. As crisis piled upon crisis significant changes took place in the structure of American life. One of the more obvious changes was the rapid shifting of ultimate responsibility for the economic welfare of the people from the private sector to the Executive Branch of the Federal Government.

Rather amazingly, this revolutionary transfer of power was achieved without violence and in a propaganda climate which led the majority of the American people to give it their full consent.

By the early 1950's, however, there were many people both in and out of government who felt that something was seriously wrong. It was charged that the resources of America's vast educational system had been misappropriated to teach concepts which were destructive to the entire fabric of the American constitutional system. It was also felt the schools were being utilized to promote the acceptance of economic ideas which are diametrically opposed to the open society of the American free enterprise system.



The question automatically arose, "Who is responsible for all of this?" A preliminary inquiry indicated that the main thrust was coming from several private foundations which had spent hundreds of millions of dollars in tax-exempt funds to promote textbooks and teachings which were "socialistic" in domestic affairs and "one-world" in foreign affairs. The three principal offenders were said to be the Carnegie Endowment for International Peace, the Rockefeller Foundation and the Ford Foundation.

So much public indignation had been generated by 1952, that the 82nd Congress passed House Resolution 561 to set up a special "Select Committee to Investigate Foundations and Comparable Organizations." Many considered this to be one of the most important investigations in the nation's history. The Committee was instructed to determine whether or not any of the foundations had been "using their resources for un-American and subversive activities or for purposes not in the interest of the tradition of the United States." (House Report No. 2514, January 1, 1953, p. 2)

The Cox Committee

This Committee was named after its chairman and became known as the "Cox Committee," but unfortunately it did not accomplish a great deal. The time factor was rather limited and the unexpected death of the chairman resulted in a very superficial inquiry being conducted. Nevertheless, it did establish that there were signs of strong subversive influence on the decision-making level of several leading foundations. However, the impact of this discovery was virtually nullified in the Committee's final report by giving considerable weight to the testimony of the foundation officers who had insisted that the subversive elements on their boards were not of any particular significance.

The Minority Views of Congressman B. Carroll Reece



Congressman B. Carroll Reece was a member of the Cox Committee and was not at all satisfied with the final report. He added an appendage which urged that "if a more comprehensive study is desired, the inquiry might be continued by the 83rd Congress . . ." (Ibid., p. 14)

Congressman Reece felt that the hasty and superficial inquiry of the Cox Committee left the nation without the answers it needed. He therefore introduced House Resolution 217, which was

passed by a vote of 209 to 183 on July 27, 1953. The resolution provided that:

"The Committee is authorized and directed to conduct a full and complete investigation . . . to determine which of such foundations and organizations are using their resources for un-American and subversive activities; for political purposes; propaganda, or attempts to influence legislation."

(House Report No. 2681, December 16, 1954, p. 1)

First Attempt To Block the Investigation

The members of the new Committee were: B. Carroll Reece of Tennessee, Chairman; Jessie P. Wolcott of Michigan; Angier L. Goodwin of Massachusetts; Wayne L. Hays of Ohio; and Gracie Pfost of Idaho.

It is important to note that three of these five individuals had voted against the Reece resolution in order to prevent this Committee from coming into existence. This was the first attempt by the powerful influences working behind the foundations to control and block the investigation.

Second Attempt to Block the Investigation

The resolution directed the new Committee to prepare a report by January 3, 1955. On August 1, 1953, the Committee was granted \$50,000 with the agreement that additional funds would be forthcoming after the first of next year. Committee counsel was obtained on September 1, 1953 and the compilation of a staff began on September 15th. However, it was soon apparent that the promised funds would not be forthcoming. The second attempt to block the investigation of the Reece Committee by the foundation world therefore came in the form of starving the Committee by lack of sufficient funds.

Committee Research Directed by Norman Dodd

Between September 15, 1953 and April 29, 1954 the Reece Committee operated, in essence, under the direction of its Research Director Norman Dodd.

It is interesting to note that after the Committee

was organized the members wanted to study the data collected by the Cox Committee, especially on the subversive aspects of the foundations. For some mysterious reason the entire file dealing with the subversive activities of the foundations had disappeared.

A Preliminary Report by Norman Dodd

On April 29, 1954, Norman Dodd prepared a preliminary report for presentation to the members of the Reece Committee. This report was exploratory in character and outlined the pattern of inquiry which the research staff would be pursuing.

Third Attempt to Block Investigation

The effect of Dodd's preliminary report was electrifying. Within a matter of hours, steps were taken by powerful forces to block the rest of the Committee's investigation. The Establishment media deluged the nation with stories that the investigation was futile and should be terminated.

The smear job on the Committee was the third major tactic utilized by the foundation world to harass and terminate the committee. It soon became obvious why the Reece Committee was considered such a threat. Congressman Reece later described the situation in these words:

"The evidence that had been gathered by the staff pointed to one simple underlying situation, namely, that the major foundations by subsidizing collectivistic-minded educators, had financed a socialist trend in American Government.

"We informed the foundations in advance that our findings suggested that the foundations had for a long time been exercising powerful, although sometimes indirect political influence in both domestic and foreign policy, predominantly toward the left—to say nothing of the support by the foundations of the Institute of Pacific Relations which led the movement to turn China over to the Communists and which was admittedly Communist dominated.

"The doubts and reservations concerning the validity of the complaints against the large foundations were largely dispelled by the almost hysterical reaction of the foundations to the summary presented to the committee by the committee staff on the opening day of the hearings.

"The excitement bordered on panic; as was observed by the demonstrations through the public relations channels of the large foundations and this convinced me, and others of the American public, judging from the letters received . . . that the general picture which had taken shape was not very far from the truth." (Speech before National Press Club Luncheon, February 23, 1955, p. 3)

After Norman Dodd's Preliminary Report appeared, powerful individuals in America made their move to insure that the Committee would be permanently terminated. It was obvious that the Reece Committee had already gone too far. This Committee was about to officially document for the first time in history that the United States was the victim of a deliberate conspiracy to dismantle the Constitutional rights of the people. This conspiracy is aiming at no less than the creation of centralized supranational institutional mechanisms from which it will rule the world under collective management.

Committee Hearings Brought to A Standstill

After nineteen days of hearings, powerful political machinery behind the scenes was deployed at the Capitol to stop the Reece Committee completely. The last hearing was held on July 9, 1954.

The hearings were canceled partly because of the abrasive and uncontrollable actions of Congressman Wayne Hays, who later admitted to Norman Dodd that Major Persons from the White House had been up to see him. "He wanted me to cooperate in dusting up this investigation," Hays stated. (Interview with Norman Dodd, November 12-13, 1977)

Even though the hearings were discontinued, a sufficient quantity of evidence was accumulated by the Committee's staff to clearly demonstrate that the major foundations had been spending hundreds of millions to divest the United States of her traditional system of values and replace them with socialist goals designed to prepare America for provincial status in a global world government. The remainder of this issue will be devoted to examining the evidence gathered by the Reece Committee. It seems to be entirely apparent that these events of the past were a clearly defined prelude to the present. □

WILLIAM RUSHER

The problem with foundations

It's an old story. The wealthy and highly conservative entrepreneur, approaching the sunset of his life, is told by his lawyers that the only way he can avoid confiscatory death taxes is by creating a nonprofit foundation, dedicated to vaguely outlined good works. So he creates one, names it after himself, and puts a few of his equally conservative cronies, his children and a lawyer or two on the board. Within a few years he and his cronies, and maybe even the lawyers, are dead. The children, knowing nothing about how to manage a foundation, turn desperately to the helpful "experts" who mysteriously appear, like dandelions in a wet spring. Ten years further on, the foundation created by Daddy is firmly in the grip of liberals whom Daddy wouldn't have agreed to invite to dinner, and is financing projects that have the old gentleman spinning in his grave.

A few decades back, one such foundation actually financed a study of what it would take, militarily speaking, for outside forces to invade and conquer the white apartheid regime in South Africa: how many landing ships and screening naval vessels, how many bombers and fighters, and how many infantry divisions. What made the whole episode piquant, however, was the name of the foundation. It was the Carnegie Endowment for International Peace. What Andrew Carnegie would have thought of the project is unknown, but we can guess.

What makes this sad story worth revisiting now is a fact pointed out by Neal B. Freeman in a recent address to the El Pomar Foundation in Colorado Springs. Mr. Freeman is an independent Washington-based television producer who doubles in brass as chairman of the Foundation Management Institute,

an organization that stands ready to help conservatively minded businessmen fend off the liberals who plan to take over their foundations as soon as they are out of the way.

Mr. Freeman points out that, thanks to what Ronald Reagan did for the U.S. economy, "Between now and 2030, there will be tens of thousands of estates created in the \$30 million range." Even between now

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uate the results. . . . Its leadership class, fashionably educated and ferociously verbal, tends to hold political opinions running the gamut from A to B." In other words, it is relentlessly liberal. Mr. Freeman cites one estimate that, out of the 50,000 foundations of all kinds, just nine are explicitly conservative.

He concludes: "Ford. Pew. MacArthur. Packard.

The stories are as familiar as the names. The great fortunes of modern capitalism turned to the service of anti-market initiatives. The great names of the American Century now fronting for the centrifugal forces of multiculturalism. The fruits of technological genius now funding the corrosive campaigns of junk science. What's happening in the foundation world today is a kind of reverse alchemy, with free-market gold being turned into philanthropic dross.

"Is the process irreversible? Are the Reagan entrepreneurs destined to turn up a generation hence as the posthumous funders of a burgeoning

American left? Will the wealth produced by the market system be deployed in an attack on the system itself? Well, as Damon Runyon used to say, 'The race is not always to the swift, but that's the way to bet.' Unless the forces of philanthropic reform can gather themselves and apply early, concerted effort, the creators of America's late-century boom will be picking up the tab for the Reagan counter-revolution well into the next century."

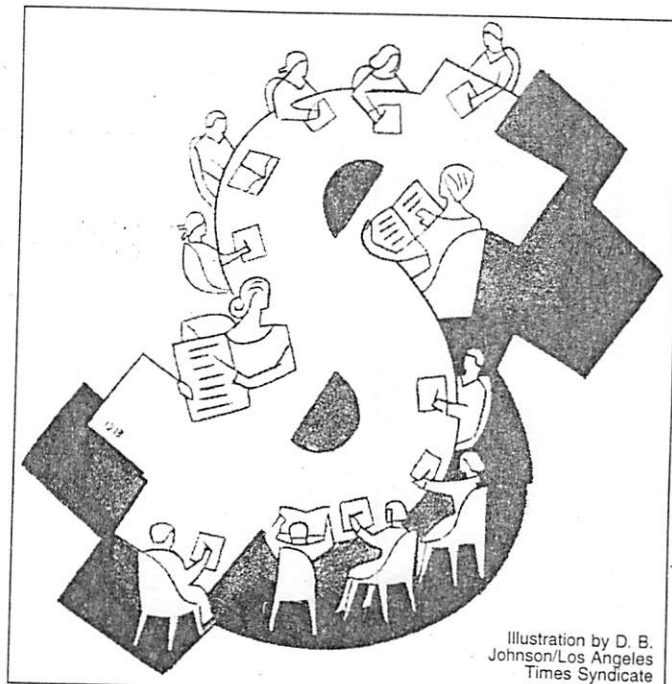
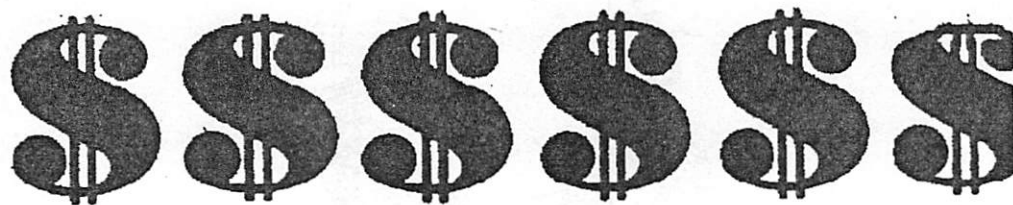


Illustration by D. B. Johnson/Los Angeles Times Syndicate

and 2020, the New York Times estimates that the baby boomers — i.e., people now between 38 and 53 — will inherit \$12 trillion. "If there are three children to share [a \$30 million estate]," Mr. Freeman calculates, each of them will get approximately \$3 million. Bill Clinton and his friends will get \$20 million." That is what is known as a tax incentive, and it means that foundations will be springing up like weeds.

That in turn creates the problem that Mr. Freeman calls "the current infrastructure of foundation management. The people who run the foundations — advise the boards, manage the staffs, design the grants, pick the grantees and eval-

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THE NAKED CAPITALIST

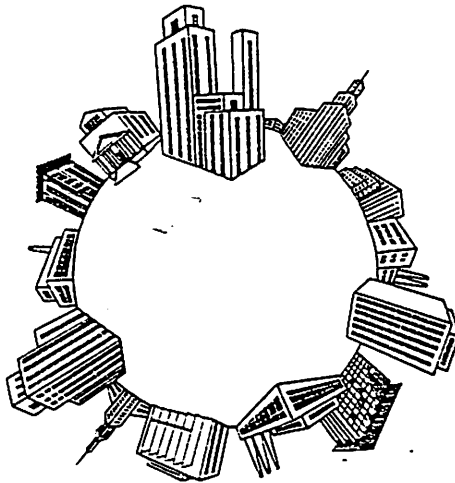
A review and commentary on Dr. Carroll Quigley's book
TRAGEDY AND HOPE

Reviewed by

W. CLEON SKOUSEN

"As a student at Georgetown, I heard that call clarified by a professor
named Carrol Quigley..."

William Jefferson Clinton, 1992 Democratic National Convention



FOUNDATIONS

“The result . . . of the network in which [the tax-exempt] 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 in scorn as a result of the changes fostered by the foundations’ control of education The foundations are fostering under the guise of public spirited largesse a theory and philosophy totally diverse from that of the Founding Fathers. A joining of the power of law with that of wealth has been used to wean us from our loyalty to the principles of individual liberty Wealth controls culture. Since their inception the foundations have used their wealth to change American culture to one of collectivism.”

Norman Dodd

TAX-EXEMPT FOUNDATIONS INVOLVED IN WEAKENING AND SUBVERTING THE CONSTITUTIONAL AND IDEOLOGICAL FABRIC OF THE AMERICAN CULTURE

Now we turn to the vast reservoirs of wealth—the tax-exempt foundations—which Dr. Quigley describes as the major base of operations for the Establishment bosses as they launch their catastrophic attack on the basic framework of the whole American society.

Dr. Quigley's disclosure that the Council on Foreign Relations and the Institute of Pacific Relations were responsible for what turned out to be a paroxysm of world-wide political subversion, is no more shocking than his bold declaration that the global collectivists of the London-Wall Street axis were equally successful in attacking the whole foundation of the American culture through the exploitation of the millions made available by certain tax-exempt foundations.

Generally speaking, the Rockefeller Foundation, the Carnegie Foundation, the Ford Foundation and a host of other Wall Street philanthropies have always been looked upon as generous, capitalistic santa clauses. Let us repeat a previous quotation in which Dr. Quigley admits the development of an explosive situation back in the early 1950's when the use of tax-exempt foundations for U. S. subversion ALMOST spilled out into public view. In fact, public hearings were heard, but the Establishment's choke-hold on the press was sufficient to keep the public from becoming aware of the scandalous proportions of the facts which were discovered. Here is the way Dr. Quigley describes what happened:

Tax-Exempt Foundations Caught Red-Handed:

“It must be recognized that the power that these energetic Left-wingers exercised was NEVER their own power nor Communist power but was ultimately THE POWER OF THE INTERNATIONAL FINANCIAL COTERIES, 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 [HIDE ELSEWHERE] THE RED SYMPATHIZERS. Before this could be done, however, a congressional committee, following backward to their source the THREADS WHICH LED FROM ADMITTED COMMUNISTS like Whittaker Chambers, through Alger Hiss, and the Carnegie Endowment to Thomas Lamont and the Morgan Bank, FELL INTO THE WHOLE COMPLICATED NETWORK OF INTERLOCKING TAX-EXEMPT FOUNDATIONS.” (pp. 954-955, emphasis added)

How the Scandal Was Kept From Reaching the Public:

“The Eighty-third Congress in July 1953 set up a Special Committee to Investigate Tax-Exempt Foundations with Representative B. Carroll Reece, of Tennessee, as chairman. IT SOON BECAME CLEAR THAT PEOPLE OF IMMENSE WEALTH WOULD BE UNHAPPY IF THE INVESTIGATION WENT TOO FAR and that the ‘most respected’ newspapers in the country, CLOSELY ALLIED WITH THESE MEN OF WEALTH, would not get excited enough about any revelations to make the publicity worth while, in terms of votes or campaign contributions.” (p. 955, emphasis added)

Note how this last sentence reveals the Achilles Heel in the secret society’s operations. The whole concern of the globalist conspiracy is to do their work in such a way that the public will not become sufficiently aroused to use their “votes and campaign contributions” to knock the agents of the Establishment out of political power in Washington. As long as the Constitution remains in effect the American people still have an opportunity to wake up and “throw the rascals out.” As we shall see later, Dr. Quigley was horrified, along with his fellow “insiders” when this earth-shaking possibility almost became a reality in 1964. But we shall discuss that tremendously interesting incident a little later. Now, back to Dr. Quigley:

The Scandalous Congressional Findings Were Not Shocking To Dr. Quigley:

“An interesting report SHOWING THE LEFT-WING ASSOCIATIONS of the interlocking nexus of tax-exempt foundations was

issued in 1954 RATHER QUIETLY. Four years later, the Reece committee's general counsel, Rene A. Wormser, wrote a shocked, BUT NOT SHOCKING book on the subject called *Foundations: Their Power and Influence.*" (p. 955, emphasis added)

Note that Dr. Quigley fully appreciates that the Reece Committee hearings turned up some shocking information and that the book written by its general counsel, Rene A. Wormser, was intended to shock the public. But Dr. Quigley had been on the inside for many years so it was not shocking to him.

This reviewer has studied the Wormser book (Devin-Adair, New York, 1958) and has concluded that while the findings of the Reece Committee might not be disturbing to an "insider" like Dr. Quigley, they are certainly sufficient to raise the blood temperature of any ordinary American who might be anxious to preserve his basic rights and preserve the American way of life in an open society. The Reece Committee found that tax-exempt foundations were deliberately attacking the whole basic structure of the Constitution and the Judaic-Christian American culture.

A CONGRESSIONAL COMMITTEE VERIFIES WHAT DR. QUIGLEY SAYS CONCERNING THE POWER OF TAX-EXEMPT FOUNDATIONS

For the sake of brevity, the facts set forth in the Wormser book on the findings of the Reece Committee will be summarized. The various references to the specific pages where the details can be read are provided:

1. Political maneuvering to prevent the hearings from being effective. (pp. 341-377)
2. Completely disruptive tactics employed by Congressman Wayne Hays. (pp. 359-366)
3. How rich banking and industrial families give their money to foundations without losing control of their funds. (pp. 11-12)
4. Who actually runs the tax-exempt foundations? (pp. 41-54)
5. How the major foundations are all interlocked into a monolithic monopoly of power to carry out globalist policies. (pp. 57-80)
6. Money of the foundations used to take over the Social Sciences:
 - a. Social Sciences looked upon as a potential political

- instrument. (pp. 83-86)
 - b. Suppressing social scientists who disagree or criticize. (pp. 86-89)
 - c. Developing an elite corps of social engineers with a compulsive drive to "remake the world" along socialist lines. (pp. 90-100)
 - d. Foundation-sponsored Kinsey report deliberately designed as an attack on Judaic-Christian morality. (pp. 100-105)
 - e. Using social science to sabotage the structure of military services. (pp. 105-110)
 - f. Employing a Marxist Socialist to produce and promote the social science classic, "A Proper Study of Mankind." (pp. 110-114)
 - g. Importing a Swedish Socialist to produce a study on the American Negro which has created the current climate of revolution and violence. (pp. 114-119)
 - h. Financing *The Encyclopedia of the Social Sciences* as a vehicle for the spreading of socialist concepts. (pp. 119-125)
 - i. Developing a Marxist elite in academic social science circles. (pp. 125-129)
 - j. Policy of continually emphasizing pathological aspects of American society to discredit its culture. (pp. 129-131)
 - k. Foundation-sponsored research often slanted to conform with pre-conceived objectives. (pp. 75, 131-138)
7. Foundations use their funds to subvert and control American education.
- a. "Conform or no grant!" (p. 140)
 - b. The birth of Educational Radicalism. (pp. 143-145)
 - c. Carnegie finances a Socialist charter for education. (pp. 146-152)
 - d. The radical educators. (pp. 152-155)
 - e. The Progressive Education Association. (pp. 155-156)
 - f. Financing and promoting socialist textbooks. (pp. 156-167)
 - g. Financing Left-wing reference works. (pp. 167-171)
 - h. The National Education Association not designed to advance "American" education. (pp. 142, 145, 160, 164-165, 216-217)
8. Tax-Exempt Foundations as instruments of subversion:
- a. Communist influences in foundations. (pp. 174-177)
 - b. Socialist influences in foundations. (pp. 177-184)

- c. Helplessness of the average citizen. (pp. 186-187)
 - d. Ridiculing the American idea of free markets and free enterprise. (pp. 187-188)
 - e. The Socialists receive voluminous foundation-support in launching their League for Industrial Democracy. (pp. 188-193)
 - f. Foundations push a long-range program to radicalize American labor. (pp. 193-196)
 - g. Foundations provide Communists, Socialists and similar collectivist mentalities to serve in government. (pp. 196-199)
9. Foundations finance the betrayal of America's best interest to achieve collectivist internationalism:
- a. Foundation policies fixed on global schemes. (pp. 200-201)
 - b. Rhodes scholars fed into Government service by foundations. (pp. 201-202)
 - c. The Carnegie Endowment for International Peace caught promulgating war. (p. 204)
 - d. International Relations Clubs sponsored by Carnegie to promote socialist internationalism and speakers such as Alger Hiss. (pp. 207-208)
 - e. The Foreign Policy Association as an instrument of opinion-molding to the Left. (pp. 208-209)
 - f. History books which keep Americans from learning the truth. (pp. 209-210)
 - g. Promoting the United Nations as the home base for the Socialist-Communist coalition. (pp. 214-216)
 - h. Alger Hiss describes how foundation agencies should be used to affect U. S. policy decisions. (pp. 218-219)

THE FORD FOUNDATION RECEIVES SPECIAL ATTENTION

The Wormser book devotes 79 pages exclusively to the Ford Foundation. Even in 1958 Wormser sensed that the newest and largest of the dynastic foundations was being harnessed to the team of global internationalism and that its guns were quick to blast away at any traditional Americans who were bold enough to suggest that the open society of the United States might be preferable to the great new society of controlled collectivism.

The irony of this tragic abuse of Ford Foundation funds was