

JUNE 78

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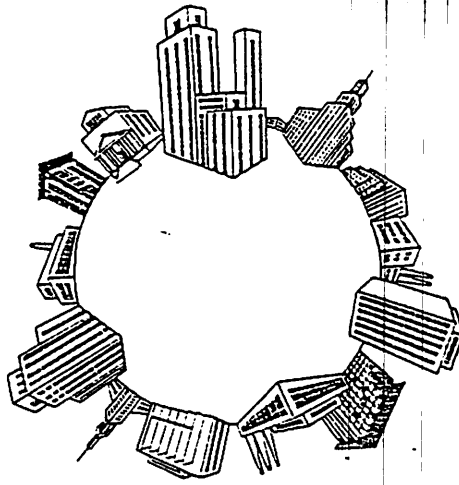
The Freemen Digest

The Freeman Institute



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 educationThe 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 libertyWealth controls culture. Since their inception the foundations have used their wealth to change American culture to one of collectivism."

Norman Dodd

The Foundation World

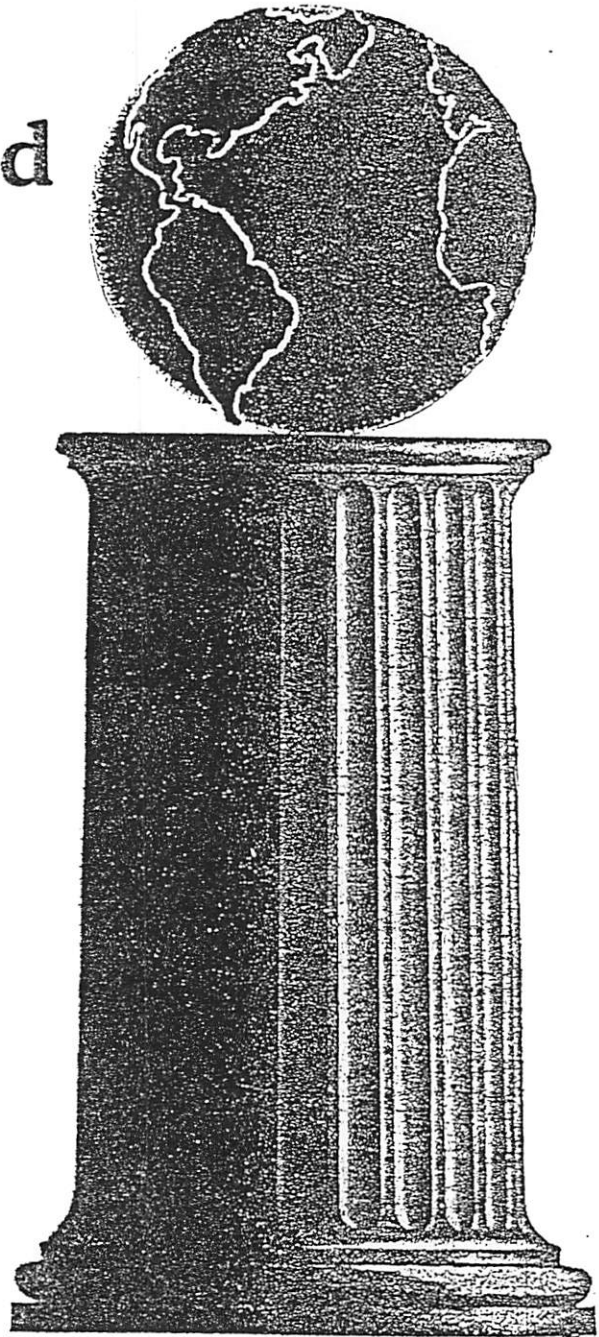
Its Impact and Influence on America

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; propoganda, 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)

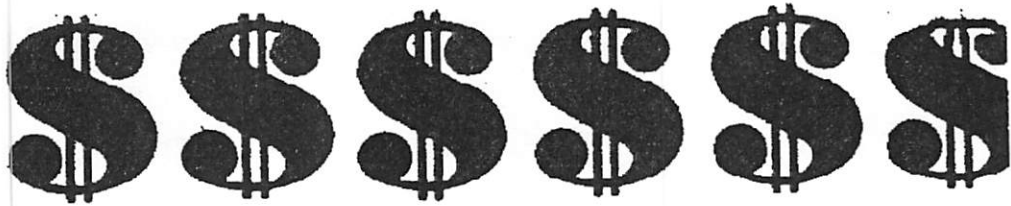
After Norman Dodd's Preliminary Report appeared, powerful individuals in America made their move to insure that the Committee would be permanently terminated. It was obvious that the Reece Committee had already gone too far. This Committee was about to officially document for the first time in history 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. □



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

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

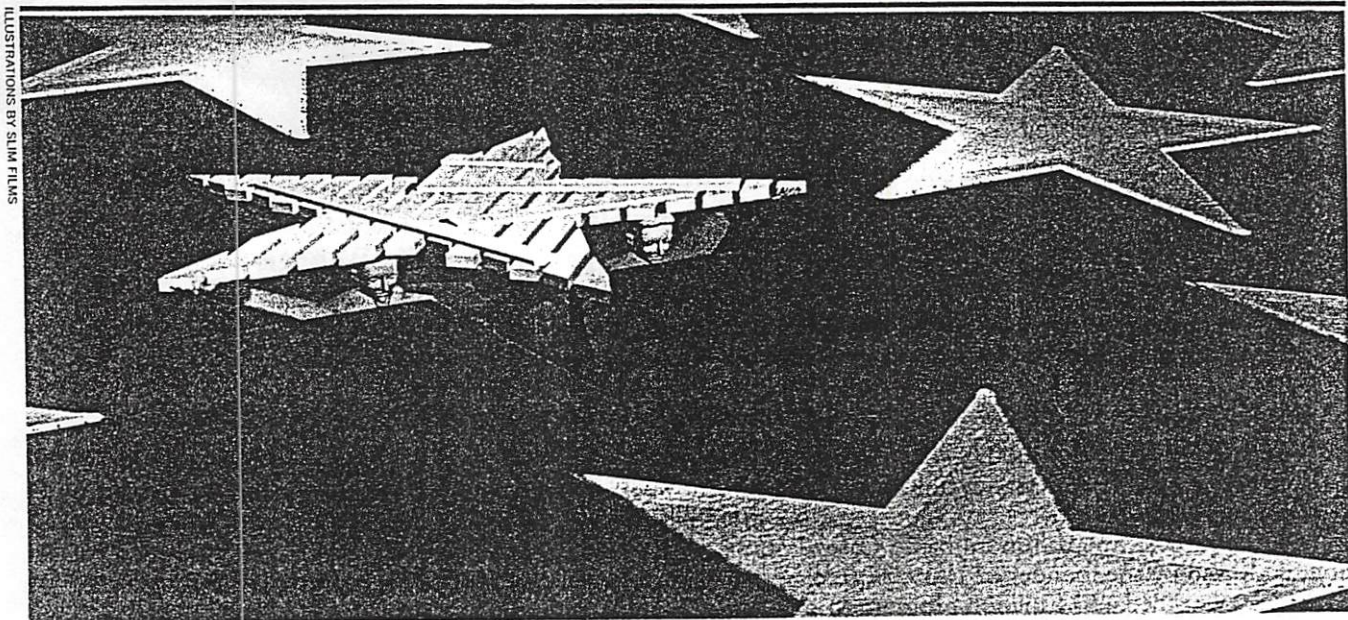
The Wormser book devotes 79 pages exclusively to the Ford Foundation. Even in 1958 Wormser sensed that the newest and largest of the dynastic foundations was being harnessed to the team of global internationalism and that its guns were quick to blast away at any traditional Americans who were bold enough 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

Big foundations are imposing their private agendas on state governments.
How? By thinly disguised bribery.

Trojan horse money

By Brigid McMenamín



IN THE SUMMER OF 1993 Betsy Grice of Owensboro, Ky. took her 11-year-old daughter to the local elementary school for the checkup she needed before starting sixth grade. Grice was shocked to learn that the doctor intended to give the child a genital examination. Turns out it's required by the Department of Education. Why? "The reason they said was to catch abuse at an early age," recalls Grice (not her real name.) Who authorized the intrusive program? Not the state legislature. The program, imposed by state bureaucrats, was bankrolled by a private foundation, the Annie E. Casey Foundation.

"They abuse them [the girls] to see if anybody else is abusing them?" asks Camille Wagner, leader of a grassroots movement of Kentucky parents and teachers opposed to school officials usurping parents' rights.

Last fall researchers at the University of Pittsburgh's Western Psychiatric Institute and Clinic convinced Monroeville, Pa. school superintendent Wayne Doyle to let

them use some 900 elementary schoolchildren as guinea pigs in a series of psychological tests and experiments. Who paid for this nonsense? A private foundation whose identity is known only to the psychiatric institute.

Among other things, teachers were required to report how frequently each 6-to-10-year-old child tended to use obscene language, "con" other people, forge signatures, break into houses or force sexual activity on others. Teachers also rated each child as to how "normal" he or she seemed. When parents found out what was going on, school officials pulled the plug. But parents haven't been able to retrieve their children's records, which are being held at the psychiatric institute until the school board can figure out what to do with them.

U. S. charitable foundations dole out about \$100 million each year to state and local governments. Today virtually every state accepts social agenda grants from private foundations.

"They bribe governments to take on projects they would not otherwise do," says Kim Dennis, until recently executive director of the Philanthropy Roundtable, an Indianapolis-based trade association for grantmakers.

Bribe may not be too strong a word. "The government's for sale," says attorney Kent Masterson Brown, who is suing on behalf of Kentucky citizens to void the state's \$299,500 contract with the Robert Wood Johnson Foundation.

The 1994 contract provided that the foundation would fund the design of a comprehensive health care program for the state. The foundation, pursuing its own long-standing agenda, steered the state toward an ambitious health care reform plan that's a virtual copy of Hillary Clinton's failed program.

"Clearly the money provided by [the Johnson Foundation] is in exchange for 'influence,' in explicit violation of Kentucky bribery laws," says lawyer Brown. After accepting the money, he charges, the state permitted the foundation to influence the direction of its health care regulations. Kentucky has moved to dismiss the action, which is pending in state court.

In order to get the foundation money, former Kentucky governor Brereton Jones gave the foundation rights to use and even sell all of the data to be collected from patients, doctors and hospitals. Think about that for a moment: In a very real sense the state was selling confidential data about its citizens to a private foundation in return for a grant.

Former governor Jones says he doesn't recall seeing that provision in the contract when he signed it in 1994.

Carpetbagger Robert Van Hook, a longtime Johnson Foundation operative, headed up the state's new Health Policy Board—at a salary of \$80,000 a year, \$20,000 of which was paid by the Johnson Foundation. Presumably he would see to it that the board carried out the foundation's big-government agenda. Less than a year later Van Hook moved, back to Maryland, but the foundation's legacy lives on in Kentucky.

Also in Kentucky, the Baltimore-based Casey Foundation, endowed by the founder of United Parcel Service, James Casey, seeded a \$74 million program to put social workers in every public school. Among other things, the workers train new parents and make sure the children get all the health and social services they need, including referrals to get pregnancy tests and condoms. Some local officials initially balked at making referrals for contraceptives without parental consent. But Kentucky educators cracked down, telling them they had no choice. Thus, without debate, an important new policy was imposed on the state's students.

The manager of the program at the time was Ronnie Dunn, author of *The Factory Fable*, a screed that compares children to the "raw materials used in the manufacturing process." Dunn made her bent for social engineering even blunter when she added: "When all citizens 'own' the children and work together to support and empower families, our society becomes a better place." Better for whom? By what standard? The state never asked. It just took the money.

Kentucky bureaucrats recently imposed emergency reg-



"They abuse them [the girls] to see if anybody else is abusing them?" asks concerned parent Camille Wagner.

ulations permitting schools to treat children for both mental and physical ailments and bill everything to Medicaid, all expected to cost taxpayers another \$80 million a year.

Wait a minute. Isn't this lobbying by private foundations—a practice prohibited by federal law? Can't a foundation be fined or lose its Internal Revenue Code Section 501(c)(3) tax-free status if the IRS thinks it's getting too cozy with a government?

Yes, but six years ago—after listening to the pleas of the big foundations—the Treasury Department relaxed the lobbying rules to permit virtually everything short of actually buttonholing a legislator or voter to support a certain bill.

That change in the law opened the doors to every foundation with an agenda it wishes to impose. Swooping to take advantage was Lauren Cook, director of state technical assistance at Washington, D.C.-based, foundation-sponsored Council of Governors' Policy Advisors. In November 1991 Cook organized a weekend mixer at the Wingspread Center in Racine, Wis. for foundation leaders eager to meet and mingle with state officials.

James Joseph, then president of the left-leaning Council on Foundations, fired the starting gun. He proclaimed that "We now stand ready to 0... usher in a new era of collaborative efforts to form a more perfect union and promote the general welfare." The general welfare? By whose definition?

The states eagerly took the bait. After the meeting Robert Haigh, special assistant to the secretary of Pennsylvania's Department of Public Welfare, organized a

committee of Pennsylvania officials and grantmakers that in turn enlisted foundation-junkie Cook. Her job: Advise Pennsylvania how to tap the foundations. Cook's match-making paid off. Since 1990 Haigh has hauled in some \$75 million in private foundation grants to Pennsylvania and state-sponsored social projects.

The money comes with ideological strings attached. Pennsylvania was one of 15 states selected by the Johnson Foundation in 1993 to receive money to craft schemes to push primary medical care. In order to get the \$100,000 seed money, Governor Robert P. Casey and state health officials had to agree to buy certain computer equipment from a Johnson shell, collect and input information about hospitals, doctors and patients, and give Johnson the right to use and even sell those data. If the Johnson Foundation liked the plan, the state could get another \$2.4 million more, plus a \$4.2 million loan to implement the plan.

Six weeks after Pennsylvania applied, Governor Casey called a special session of the legislature and passed a law providing for free or cut-rate medical care for children whose families are too affluent to get Medicaid but have no insurance—a typical Johnson ploy. The Pennsylvania health department then set up a new bureaucracy called the Bureau of Primary Care Resources & Systems Development to carry out Johnson's agenda, with seven new positions, two paid out of foundation funds.

In April 1994 Governor Casey wrote to Johnson boasting that he'd spent some \$4.4 million in taxpayer dollars and would spend at least \$5.6 million more on the foundation's agenda, which included putting health clinics in public schools. For his efforts the foundation gave Pennsylvania another \$874,505.



Governor Casey boasted that he'd spent \$4.4 million on the Johnson Foundation's agenda and promised \$5.6 million more.

Today Pennsylvania boasts 38 full-service school clinics. Health department officials are pushing for more. And Pennsylvania requires schools to see that every child gets everything from dental exams to complete physicals. Worst of all, the folks at the Johnson Foundation showed them how to get virtually all schools designated Medicaid providers so they can bill everything to taxpayers.

Result? Pennsylvania officials can just keep imposing more and more intrusive medical and psychological procedures without getting authorization from parents or the legislature.

Smelling a rat, the Pennsylvania legislature recently appointed a commission to investigate. Last spring it came to light that in March 11-year-old girls at East Stroudsburg's J.T. Lambert Intermediate School were pulled out of class and required to submit to genital exams as part of routine physicals. Outraged, parents have already filed a lawsuit charging assault, battery, invasion of privacy and intentional infliction of emotional distress. The school district insists the exams are required by Pennsylvania law.

State Representative Sam Rorer is introducing a bill to make it harder for state agencies to accept grants without legislative approval.

In 1991 the folks at the Casey Foundation decided that states should do more to make sure children grow up mentally healthy. Whatever that means. They invited state health officials to compete to come up with clever new ideas for helping children who are abused, neglected or in trouble with the law. Each of the top seven would receive a \$150,000 "planning grant," with the promise of up to \$3 million if their plans pleased the foundation. In effect, the Casey Foundation was paying state officials to lobby for new government programs.

Virginia was one of the states that received a planning grant. In 1992 Virginia bureaucrats got the legislature to pass the Comprehensive Services Act for At-Risk Youth & Families. The act set up a new bureaucracy to monitor children and coordinate all kinds of money and services.

Foundation officials claim they don't meddle with policy. But consider the letter the Casey Foundation wrote to Virginia Governor Lawrence D. Wilder in 1993 telling him his modest demonstration plan for monitoring children was barely adequate. Come up with a more ambitious plan and commit some taxpayer money, the Casey Foundation's executive director, Douglas Nelson, threatened, or he would give Virginia no more foundation money.

The governor snapped to attention. The legislature earmarked \$60 million to do what the Casey Foundation wanted done. Placated, the foundation has given Virginia about \$3 million to set up community centers to monitor children and figure out how to shift the entire cost to taxpayers once the grant money runs out next year. Last year alone, the tab for all this was up to \$90 million. In other words, an ideologically driven foundation plan quickly becomes an embedded state bureaucracy that nobody voted for.

In 1995 the Kellogg Foundation hired as its new president William Richardson, a 56-year-old former Maryland bureaucrat. Since then, Kellogg, too, has started bribing more state agencies to adopt its agenda. This year Kellogg



Even after conservative Governor Pataki took office, state officials continued to do the bidding of liberal foundations.

teamed up with the Johnson Foundation to offer state policymakers \$24.25 million to come up with new ways to "transform and strengthen the public health infrastructure." Sounds innocent, but no one is fooled. The whole purpose is to lure states into expanding their bureaucracies and increasing spending, all in the name of improving public health.

Sometimes states bend the rules in order to get the grants. Pennsylvania welfare official Haigh says he was applying for a Casey Foundation grant in 1992 to reform foster care. But there was a hitch. The foundation required that the state's welfare department enter into a contract with a specific county—Philadelphia.

That would have been a violation of Pennsylvania laws that require competitive bidding. No problem. Then-Secretary of Public Welfare Karen Snider just decided to skip the competitive bidding process by pretending there was no other possible bidder.

Four years ago the Pew Charitable Trusts set out to induce states to overhaul all health and social services so as to track all children from birth to adulthood. The Children's Initiative, it was called.

The competition began with states applying for \$100,000 "planning grants," followed by another \$250,000 for the states whose plans best met Pew's biases in favor of expanding and enlarging government programs. Pew's charter doesn't permit grants to state governments. Again, no problem. Pew simply laundered the planning grant money through a Bala Cynwyd, Pa. not-for-profit outfit called the Center for Assessment and

Policy Development. No matter that this subterfuge was an obvious violation of the intent of Pew's founders. Five states won the planning grants.

Pew later canceled the Children's Initiative program when it became clear it would take decades and cost billions to implement, but Casey, Johnson and Kellogg were already beginning similar programs. These folks have never seen a government program they don't like, and you can count on them to try to keep this one alive.

As anyone knows who has ever paid the least attention to government, a program once launched has a tendency to go on forever; so it is with these foundation-financed projects, which tend to go on with taxpayer money long after the foundation tap has been turned off.

In New York, for instance, in the final years of Mario Cuomo's administration, money poured in from left-leaning foundations determined to promote socialized medicine in the fertile soil of this most liberal of states. Projects under way included Johnson Foundation plans to set private doctors' fees, pool information on patients and even cap private spending on health care.

Now that Republican George Pataki is governor, are those liberal plans shelved? No way. Pataki's health commissioner, Barbara DeBuono, who had enjoyed a generous Johnson Foundation grant in Rhode Island, supplements her \$102,335 annual salary with an extra \$50,000 from a state agency, Health Research, Inc., supported almost entirely by private foundation and federal grants.

Since Pataki took office, DeBuono and other health officials have accepted millions more in grants from the foundations—always for projects aimed at getting the state government deeper into people's private lives.

New York deputy health commissioner, Judith Arnold, recently wrote to the Johnson Foundation's grant administrator. Arnold promised that even if the legislature stops funding health care reform, Johnson-seeded reforms will continue. She didn't specify where the money would come from, but the implication was: We bureaucrats will find a way.

To understand what is going on here, it is important to recognize that bureaucrats have an all-too-human tendency to enhance their importance by spending more money. More often than not, too, they are recruited from the ranks of people committed to using governments to redistribute the wealth by raising taxes. Consider, for example, Brian Roherty, former Minnesota budget officer, now president of the National Association of State Budget Officers. He has called on state budget officers all over the country to bend the law as far as possible to advance a liberal agenda. Roherty complains that the top 20% of households own 85% of the nation's wealth.

Roherty is at least refreshingly frank: "How things are distributed will become the next battleground in American politics," he says on the trade association's Web site.

Roherty proceeds to throw down the gauntlet to those who think it is time to roll back or at least stabilize the government's grab at the taxpayer. "State budgets will be the primary vehicle for this change, which will be directed by men and women of courage who are prepared to 'go where no one has ever gone.'" With a little help, of course, from tax-exempt private foundations.

Hillary's Dirty Little Secret About Health Care Reform

by Katherine Dalton

Ira C. Magaziner, the Rhode Island business consultant turned senior White House advisor to President Clinton, has been in the news again recently as the administration's Internet man—defending Mr. Clinton's view that the Web doesn't need government policing. But Mr. Magaziner is best known as the aide in charge of the effort to create a national health care system five years ago. It was Mr. Magaziner who assembled the hundreds of people who met behind closed doors to help President and Mrs. Clinton write a national health care bill in 1993 and 1994.

Today that failure is remembered mostly as an embarrassment for the Clintons and the source of a legal judgment on the status of the First Lady—that she is the functional equivalent of a federal employee. But to Kent Masterson Brown, the Danville, Kentucky, lawyer hired to sue the White House to open up the secret health care meetings, the most interesting aspect of the case was the role of some large foundations—the Robert Wood Johnson Foundation, in particular—which acted behind the scenes to shape the Clintons' reform efforts. Hundreds of millions of dollars have been spent and continue to be spent, he said, to bring national health care and a single-payer system to the United States—and not always through open debate in state or national legislatures, but in more roundabout and less visible ways.

* * *

If Franklin Delano Roosevelt could marshal in the New Deal in a hundred days, surely the Clinton administration could revolutionize health care at the same forced march—or so Mr. Clinton thought, when in January 1993 he established the President's Task Force on National Health Care Reform. His stated goal was to introduce, pass, and implement national health care legislation by May of that year.

With Eleanor Roosevelt perhaps also in mind, Mr. Clinton named his wife to lead the 12-member task force, which was otherwise made up of cabinet members and other high-level federal employ-

ees. Putting his wife in an executive role was not the only controversial part of the President's plan. From the beginning, the Clintons decided that the work of drafting the proposed health care reform bill would be done in secret.

The press reported that this work was being done not just by Mrs. Clinton's small task force, whose members were known, but by an uncounted number of working groups, made up of hundreds of people the White House refused to name. The secrecy was necessary, said then-White House communications director George Stephanopoulos, because without it these people "would become subject to lobbying, to enormous pressure, and would not be able to do the work they have to do in a short period of time."

On February 28, a doctors' group and two public policy organizations filed a lawsuit in U.S. District Court in Washington to open these meetings to the public. On behalf of the Association of American Physicians and Surgeons of Tucson (AAPS), the National Legal and Policy Center of D.C., and the American Council for Health Care Reform, also of D.C., a team led by Kent Masterson Brown asked that both the task force meetings and working group meetings be made public under the Federal Advisory Committee Act of 1972 (FACA) and related statutes. Under FACA, a committee's meetings must be open to the public if they meet two criteria: people who are not federal employees sit on the committee, and the committee's purpose is to make recommendations to the President or a principal secretary. Mr. Brown's argument was that both criteria were met: that the President had expressly formed the task force and working groups to make a recommendation, and that Mrs. Clinton, who became First Lady through marriage, was not a full-time officer or employee of the government.

During the first round of the case, argued on March 5, 1993, before Judge Royce Lamberth, the Justice Department maintained Mrs. Clinton was the equivalent of a federal employee. Furthermore, Ira Magaziner swore an affidavit that all of the many unnamed people participating in the working groups were federal employees. This was important, because if they were government employees, then the meetings did not fall under FACA's jurisdiction and could stay closed.

Basing his decision on Mr. Magazin-

er's affidavit, Judge Lamberth agreed that the working group meetings could be private (since only "federal employees" were included). He also found that Mrs. Clinton was a private person and not a federal equivalent—and that's what made headlines. The decision did not stand long, however. The White House quickly appealed it, and a three-member appeals court neatly reversed Lamberth in June 1993. Mrs. Clinton, it said, was indeed a "de facto officer or employee" of the federal government, so the 12-member task force meetings could stay closed.

The working groups were another question, however. Press reports about hundreds of people drafting a bill in the dark cast doubt on Mr. Magaziner's affidavit, and so the three judges ordered that Mr. Brown and his clients should be able to use discovery to investigate whether these groups were indeed made up of only federal employees. It took another ruling for Mr. Brown to get his documents; in November 1993, Judge Lamberth found the White House in contempt and ordered it to produce the required papers.

As Mr. Brown explained in an interview, these papers showed that about 1500 people had been involved in these working groups. (The government says only 630 people were involved.) Each "cluster," said Mr. Brown, had "multiple working groups, all of which had names and numbers. These people would meet regularly in those working groups, and then Magaziner would set up 'tollgates' for all of them to come to Washington to meet as an entire interdepartmental working group.

"We were then able to identify from those records things about every one of those people. We found of the 1500, well over half were private people, not federal employees at all, either full-time or special government employees—they received no pay, nothing. They may have received some travel but we couldn't tell because we weren't given encum records. We were never able to discern how their travel was paid. Some had reimbursement forms but most we got nothing on. We got very few conflict of interest forms. The ones we did get, most of them appeared to be back-dated, most were incomplete, [filled out] probably [within] a month or two of the request; dates were whited out, they were phony."

Though the working groups had dis-

banded in May 1993, the lawsuit moved forward. Believing they had evidence that Mr. Magaziner's affidavit was false, Mr. Brown and his clients prepared a motion for summary judgment in March 1994. At that hearing, Judge Lamberth granted neither side's motion but instead set the case for trial in September 1994. Mr. Brown demanded certain documents he hadn't yet received, and stated plans to call both Mrs. Clinton and Mr. Magaziner to the witness stand.

Perhaps this had an effect on the White House, because by August the two sides were discussing a settlement. For 13 days they worked on an agreement, and then Mr. Brown's clients decided they would not settle. Consequently, he withdrew as attorney on the case. (The doctors' group AAPS pursued—unsuccessfully—a perjury charge against Mr. Magaziner. Then-U.S. Attorney for D.C. Eric Holder cleared him in 1995.)

The day he withdrew, Mr. Brown said, the White House released to the National Archives millions of documents related to the task force—effectively making the case moot. In late September, Senate Majority Leader George Mitchell of Maine announced that Congress would abandon health care legislation for the rest of the year—and the Clintons' bill was dead.

Health care reform, however, remains an issue—partly due to the influence of certain not-for-profit foundations. In researching the hundreds of individuals who were members of Mrs. Clinton's working groups, Mr. Brown discovered something peculiar: most of these people had a strong tie to one of three foundations. "The vast bulk of them were closely tied either as program directors, officials, grantees or contractors to the Robert Wood Johnson Foundation of Princeton, New Jersey, or to the Pew Charitable Trust in Philadelphia, or the Henry J. Kaiser Family Foundation of California. The latter two were secondary to Robert Wood Johnson," he said. This foundation was formed in 1972 with \$1 billion worth of Johnson & Johnson stock left by the company's former chairman and CEO. An independent Republican who hated bureaucracy and advocated a higher minimum wage, Gen. Johnson left a will creating what was from the start one of the largest foundations in the country.

The Robert Wood Johnson Founda-

tion publicly supported the Clinton task force in a few ways, most notably by funding a June 21, 1994, two-hour health care debate special on NBC, which featured Mrs. Clinton. (The foundation spent \$1.5 million on the broadcast time, and another million to promote and advertise the special.) Its less-public support was uncovered by lawyer Genevieve Young, who found the connections between the individuals in the working groups and the foundation by checking through annual reports and other records. For example, listed among the working group members were several congressional fellows, who sat on the staff of senators Kennedy, Bumpers, Bradley, and Rockefeller. Oddly, however, Mr. Brown and his team couldn't find these people on the federal payroll.

Ms. Young found them in foundation records instead. Going through the Robert Wood Johnson files, she came across a brochure for the foundation's Health Policy Fellowships. In this program, the foundation (working through a sponsoring university) pays for an individual to sit on the staff of a legislator or member of the executive branch and assist in the development of policy. For that, Johnson pays a stipend of up to \$50,000 a year, plus moving expenses and fringe benefits. The program continues today.

"Now began the search for all these other names, where they come from, where they have a relationship," Mr. Brown said. "It was totally clear that of the hundreds in the working groups, half were private individuals, and that they had connections with [the Johnson] foundation either as program directors, officials, or by serving on boards of agencies that the foundation creates such as Alpha Center for Health Planning in Washington.

"Others were contractors. We found huge numbers of people from grantee institutions, universities that have programs underwritten by the foundation. Judith Feder, one of the 12-member task force [and who had headed Clinton's health care transition team], was a grant investigator for the Robert Wood Johnson Foundation and in fact was serving in that capacity at the time she was in the White House. Even Hillary Clinton—we found out she was a program director for a rural health initiative for the foundation in the 1980's."

For other clients Mr. Brown has stud-

ied the Johnson Foundation's involvement in state health reform, both in Kentucky, which passed health care reform legislation in 1994, and in Pennsylvania. Mr. Brown was surprised that states would take grant money tied to major policy changes. "Health reform in Kentucky got a \$399,000 grant from Robert Wood Johnson. That paid \$40,000 for one health policy board member's salary. It paid \$40,000 to the salary of the executive director. It paid the salaries or portions of salaries of six policy analysts on the health board, and there was \$50,000 left over to pay contractors. The foundation reserved to itself the right to determine employment of everyone on the health policy board. They were selected after their résumés were run by the foundation for its approval. These are state employees. Doesn't that bother somebody?"

Mr. Brown was hired by the State Legislature in Pennsylvania because, he says, "their Medicaid budget was going out of control. We found there what the foundation tried to do is go through the public schools to get school clinics, turn them into health resource centers, and then try to get all the children in the schools to have their services rendered and paid for by Medicaid—whether they were eligible for Medicaid or not. Governor Robert P. Casey, we found, had written to every school district superintendent saying 'Look, if you go along with this we can get you \$4,000 per child per year in reimbursement,' and these people are biting on this thinking it's money for them—not counting the fact that it's money out of the state treasury as well."

The Robert Wood Johnson Foundation has the influence it does because it is (in its own words) "one of the world's largest private philanthropies," with assets of \$5.6 billion. In 1996, the foundation spent \$267 million in grants and contracts, and it expects to be giving away \$360 to \$400 million annually by 2000. Those of us who assume our states operate on tax money alone should note that Robert Wood Johnson made around 35 grants to various state and local governments in 1996.

"This case is remarkable in what it showed me is happening in this country," Mr. Brown said. "I used to think, where does the government come up with these crazy ideas—statutes or regs or whatever? And I know now. It's something that's well-financed, plenty of peo-

ple have earned a lot of money contracting to develop this thing, and then through that same money source they run it through the government. And when you have that kind of resource behind you"—\$5.6 billion—"you can buy your way into a lot of places."

Katherine Dalton writes from Henry County, Kentucky. This article is based on a 1997 interview with Kent Masterson Brown.

GUNS

Distaff Defense

by Heather E. Barry

The Second Amendment of the Constitution reads "a well regulated Militia, being necessary to the security of a free state, the right of the people to keep and bear Arms, shall not be infringed." This amendment meant very little to me growing up in a small town on Long Island. I thought the right to bear arms meant that people in the "old-

LIBERAL ARTS

MAYBE YOU'RE ON TO SOMETHING, TED

"I really believe that there are huge forces arrayed against us. The forces of ignorance, lack of education and prejudice and hatred and fear. The forces of darkness in general. . . .

"How can we not win? We're smarter than they are. . . .

"I'll put my money on the smart people against the dummies. If the smarts can't beat the dumbs, we're really not that smart, are we?"

—Ted Turner, accepting the Leadership Award from Zero Population Growth, quoted in the Population Research Institute Review (January/February 1998)

en days" had the right to hunt for food to feed their families. Then three years ago, while attending Pepperdine University, I heard a professor, Roger McGrath, speak about the Second Amendment in a very different way. After class, I told Dr. McGrath that I was curious about how he came to his understanding of the Second Amendment. Delighted that he inspired one of his students, he provided me with a brief bibliography of books and articles and sent me to find out for myself why the Second Amendment is an essential part of the Bill of Rights.

After extensive reading, I soon realized that the Second Amendment is not an antiquated right pertaining solely to hunting on the frontier. The first hard lesson I learned made it clear that the Bill of Rights does not give people rights. The first ten amendments protect the rights that the people already have—their inalienable rights—from infringement by the federal government. The Second Amendment states only that the government cannot violate the right to keep and bear arms. For the Founding Fathers the principal purpose of the Second Amendment was to guard against the development of tyrannical government. Additionally, the right to bear arms is also needed for personal protection against criminal activity.

I am a single 23-year-old graduate student, and the right to own a firearm is essential for my self-defense. While growing up, I always had my father at home to protect me—and I felt safe. However, when I went away to college, I soon realized that if I did not want to be easy prey for some mugger or rapist, I had to learn to protect myself. Although I am an athlete and quite physically fit, I am not capable of overpowering most males. Having run track, I used to cling to the naive belief that I could outrun an attacker. However, losing a few races against several of my male friends who were not regular runners enlightened me. Men and women are different: the average female cannot outrun the average male.

Once I decided that owning a gun was the only way to protect myself effectively, I realized that I knew nothing about guns, let alone how to shoot them. Moreover, I was afraid of them. Then, I heard about a woman, Paxton Quigley, who taught self-defense and gun-safety classes to women. I immediately signed up and attended. I found women at these classes who had a similar fear of guns but who also knew the importance

of self-protection. I soon became aware that a gun is a useful but dangerous tool that should be respected but not feared.

After I realized the importance of the Second Amendment, I began discussing my findings with classmates and professors. Their responses ranged from ignorance about the Second Amendment to thinking that I was part of some militia group. Not many of them allowed me to explain my position.

Several of my peers said I was wrong to believe that I needed to protect myself with a gun because the police would protect me. Unfortunately, the police cannot be at every street corner, parking garage, and house to provide protection for every individual. Even if the police are called in an emergency, it usually takes 15 to 20 minutes for them to arrive at the scene, which is long enough for the attacker to commit his crime and take off.

A few people suggested that I use "less offensive" weapons, such as a knife, pepper spray, or even karate. However, these weapons are often more dangerous to the victim. A knife is a weapon that requires close contact, and this creates the potential for a bigger and stronger attacker to take the knife away and to use it on his victim. Pepper spray is also a close-contact weapon that often only aggravates the attacker and makes him more vicious. Karate is the ultimate close-contact weapon and, like all martial arts, requires years of hard training. In the end, none of these weapons is as effective as a gun.

For an average female like me, a gun provides the best defense. A gun is an equalizer between large and small, strong and weak, men and women. I have an inalienable right to self-defense, and without this right, I cannot consider myself a free person. Even though I have never been attacked and hope that I never am, I will be prepared. I have often been told that chances are, even if I have a gun when attacked, I will not be able to use it or that the gun may be used against me. However, studies indicate that just the opposite is the case, that those who are armed and fight back suffer less severe injuries or are less likely to be killed than those who do not defend themselves. I have made my choice. I shall not weakly submit.

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