The Rockefeller Inheritance

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Foundation, as great an organization as any of its kind, to undertake the study of population stabilization in the Far East as a program of major focus, then this would be a very simple world indeed. But this is not a simple linear world we live in.

While the research team was still out in the Far East, the leaders of the Rockefeller Foundation sounded out opinion on population control back at home. Chester Barnard, the president, invited Francis Cardinal Spellman, Archbishop of the Catholic Archdiocese of New York, to lunch at the Foundation. The cardinal, wise to the ways of the world, once he had learned the subject to be discussed, insisted that the Foundation people come to lunch at the archdiocese. He wanted the battle on his own home ground. There he offered his considered opinion that under no circumstances would the Catholic Church in America, the Far East or anywhere else in the world look with favor upon any kind of program involving birth control.

Within the Foundation, there was a split in opinion among the senior staff. A majority were opposed to any major program involving family planning. The public health experts, pre-eminent on the senior staff, simply did not believe population control was as important as their own work in the health fields. Furthermore, they warned of the risk involved: the animosity toward birth control they could expect of the strongly Catholic countries in which they were already operating in the Far East. The agricultural experts believed increasing food supplies would be easier to accomplish and of greater benefit to underdeveloped countries than any improbable program involving sexual behavior. Then, of course, there was always the problem of the budget. Even in the Rockefeller Foundation, money spent on population problems would mean money taken away from other efforts.

However, there was a split in opinion and out of deference to Dr. Balfour, the Foundation's chief expert on Far Eastern activities, who wrote the report, and to Dr. Alan Gregg, director of the foundation's Division of Medical Sciences and the senior director on the staff, who favored the proposal, the staff did agree on a very modest project. Demography and human ecology in Ceylon was proposed to the board of trustees. But even that proposal, which carefully avoided mention of birth control, was recognized for what it was at the trustees' meeting. It met the vehement opposition of John Foster Dulles, newly elected chairman of the board. A staunch Presbyterian and puritan moralist, Dulles argued most forcibly that the Foundation had absolutely no business butting into the religious and social customs of another people. Trustee Henry Van Dusen, president of the Union Theological Seminary, added his opposition, and the Ceylon project was voted down by the trustees. A negative vote by the trustees on a project proposed by the Foundation staff was a rare event in itself. The message was clear. Family planning, birth control and contraceptives were not to be areas of study or activity by the prestigious Rockefeller Foundation.

The rejection came neither as a surprise nor as a shock to John 3rd. As well as anyone, he understood his fellow trustees. They were all accomplished, independent and powerful men who had made their mark in the world and they did not choose to sit unsalaried on the Rockefeller Foundation board in order to rubber-stamp the projects of the Rockefeller family.

The original concept of the Foundation was that of an independent professional charitable institution with such prestige that its trustees could extend their influence for the good of the world by banding together in common cause. Yet, internally, the trustees felt the Foundation was still in a state of transition from the dominance of John 3rd's father. He had served as the Foundation's first president back in 1913 and then as chairman of the board of trustees from 1917 to 1939, when he had retired at sixty-five. Even after that, his presence was felt through the efforts of his close associate Raymond B. Fosdick, who served as president of the Foundation from 1936 to 1948. With all due deference to the skill and sensibilities of John D. Rockefeller, Jr., the Rockefeller Foundation had been a "founder's foundation." However theoretically independent, the Foundation's driving force through the years had been mostly Rockefeller: Rockefeller money, Rockefeller time and effort, Rockefeller appointees and Rockefeller staff. Although this delicate area was not discussed—at least not openly—it was a matter of concern among some of the trustees and senior staff. John Jr., upon his retirement, was well aware of it, as was John 3rd, and it was in furtherance of directing the Foundation toward real independence that John 3rd was passed over when Walter W. Stewart was elected chairman of the board to succeed John Jr. and then again in 1950 when John Foster Dulles succeeded Stewart.

Then, of course, in the background, there was the Kinsey Report. One of the most controversial series of grants ever made by the Rockefeller Foundation was the $400,000 given to Dr. Alfred C. Kinsey of Indiana University between 1941 and 1946 for his case studies of human sexual behavior. When his first book, *Sexual Behavior in the Human Male*, was published in 1948, the unexpected wide popularity and dissemination of the data aroused a national debate on the subject of sexual mores. The august Rockefeller Foundation was drawn into the controversy. Dr. Kinsey spared no effort to publicize the imprimatur of the Rockefeller Foundation upon his work as a much needed scientific study of human behavior. In addition to that, Dr. Alan Gregg, head of the Foundation's Division of Medical Sciences, believed so fervently in Kinsey's work that on his own, and contrary to Foundation policy of staying in the background, he wrote a glowing introduction to the book, asserting that the Kinsey survey would break "a conspiracy of silence" about sex. Although Dr. Gregg had the vital backing of John D. Rockefeller, Jr., he incurred the distinct displeasure of the more conservative trustees. The controversy raged beyond the board of trustees and included theologians, socialists and civic leaders across the nation. The Foundation's support of the Kinsey study subsequently was questioned severely in a congressional investigation of various foundations conducted by the Reece Committee in 1954, by which time the Rockefeller Foundation had given some $899,000 to Kinsey's research. Ironically enough, when the Foundation ended its support in 1954, after publication of *Sexual Behavior in the Human Female,* it incurred the wrath of Kinsey himself, who charged the Foundation had succumbed to public and congressional pressure. The Foundation's answer to that was a vehement denial. The Rockefeller Foundation, as a matter of policy, does not support any organization or cause in perpetuity and it had supported Dr. Kinsey's research longer than any other single individual's, over thirteen years with a total of almost $900,000 in annual grants. However, the fundamental criticism of the Rockefeller's Foundation was not so much over the content of Dr. Kinsey's sex study, but rather over the Foundation's responsibility for the cultural effect and impact of the Kinsey Report. What right does a tax-free private foundation have to finance activities to change or even to influence the cultural customs of a nation? The question has survived unanswered to this day. Thus, to the extent one believes that the Kinsey surveys did affect and change the sexual mores in America—for better or worse—the Rockefeller Foundation deserves its share of the credit or blame.

Such were the fundamental questions being pondered within the structure of the Rockefeller Foundation when John 3rd sponsored his pilot project of demography, leading to the study of sexual behavior and family planning in the Far East, and was rejected by the board of trustees. It must have occurred to John 3rd at the time that the trustees were predominantly old and conservative men, but, of course, he was too much of a gentleman to say so. He took his defeat with his familiar wisp of a smile and kept his thoughts to himself.

John 3rd's interest in the Far East was not lost upon John Foster Dulles, an international corporate lawyer and an authority on foreign affairs. When Dulles was appointed by President Truman to serve as his special representative in negotiating a permanent peace treaty with Japan, Dulles asked John 3rd to accompany him as a special consultant on cultural affairs. John 3rd was immediately intrigued with the task. Dulles explained that United States policy was to draw Japan back into the society of nations and to establish a positive relationship between the United States and Japan to help ensure peace in the Far East. The treaty itself was not to be punitive, like the Versailles Treaty which ended World War I and sowed the seeds of World War II. Instead it was designed to help Japan establish a democratic, up-to-date nation which

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To top it all came the most spectacular success of muckraking journalism, a 550-page book called *The History of Standard Oil* by Ida Tarbell, published in 1904, based on articles she wrote for *McClure's Magazine* beginning in 1902. In contrast to *Wealth Against Commonwealth*, Miss Tarbell's book was sober in tone, well documented and serious in intent. Crediting Rockefeller and his associates for organized efficiency, she charged that the Standard empire had been built on fraud, coercion, special privilege or sharp dealing, and she cited chapter and verse. She disarmed her own critics by admitting at the outset that she was biased: she was the daughter of an oil producer in the west Pennsylvania regions who had been hurt, if not ruined, by Standard's early rise to power. There is without doubt, as Allan Nevins, the historian, says, a bias that runs through Miss Tarbell's *History*, and many of her accusations have been refuted. Nevertheless the impact of her book was like thunder across the land. Standard Oil had been hurt and officers of the company appealed to John D. to refute the charges. But he stood fast in his own sense of righteousness. "Not a word! Not a word about that misguided woman," he insisted.

Miss Tarbell went on to write more articles for *McClure's*, picturing John D. Rockefeller personally in the mind of the public as a cruel, crafty old hypocrite who played golf in his old age so that he could "live longer in order to make more money." Others took to the attack. Yet Rockefeller remained quiet in the face of the attacks, at peace with his Maker and his own conscience, confident that history, once the true facts were known, would vindicate him. He failed, however, to read the message between the lines in the vast outpouring of news stories, magazine articles and books about corruption, unfair advantage and unprincipled competition in business and industry at the turn of the century. There were answers to the accusations against Standard Oil and himself, right or wrong, but behind the immediate accusations was a larger, more momentous charge: that Adam Smith's theory of laissez-faire capitalism, based upon enlightened self-interest and the fundamental pressures of supply and demand in the market place—upon which the economy of the country was based—did not in reality work very well for the benefit of the people as a whole. That message, somewhat veiled, was taken up in the political arena and the populist movement spread across the land.

The populist movement rallied under the banner "The people against the tycoons," which translated a half century later with the same appeal to "more power to the people." The industrial revolution no sooner succeeded in the 1890s than the people demanded protection from the economic stranglehold of big business. Standard Oil was only one out of many. There were trusts and monopolies in almost all of major industry.

The protection demanded by the people came politically from the government, as an arbitrator of what constituted free enterprise. The government intervened. It outlawed monopolies, trusts and all combinations in restraint of trade. It set up regulatory agencies to define the limits and boundaries of free enterprise—all for greater good of the greatest number of people. To this day that struggle continues between the concept of free enterprise and the need for government regulation of business, all the way down the economic line to wages and prices. The struggle today remains as it was in John D. Rockefeller's day: where to draw the line on who should control the economy of the United States.

So far as John D. Rockefeller's Standard Oil Company was concerned, the decision was handed down on May 15, 1911, by the Supreme Court of the United States: "Seven men and a corporate machine have conspired against their fellow citizens. For the safety of the Republic we now decree that this dangerous conspiracy must be ended by November 15th."

Standard Oil was found guilty of being a combination and a conspiracy in restraint of trade and in violation of the Sherman Antitrust Act of 1890. The trust had been established, the first of its kind in the country, back in 1879, when the state of Ohio passed a law forbidding any corporation of Ohio from owning stock in a company located in another state. In response, as a practical means of continuing to do business as before, Rockefeller had the company counsel draw up a new legal instrument by which the majority of stockholders gave their stock "in trust" to three individuals, who then legally could own controlling stock in companies in various states. The number of trustees later was increased to nine and still later, when Ohio and other states outlawed such trusts, Standard joined several hundred other companies in moving their corporations to the state of New Jersey, which welcomed the businesses and taxes they brought in by specifically allowing New Jersey corporations to hold stock in out-of-state businesses. Later, Standard Oil of New Jersey changed its legal form from a trust to a holding company, but the practical effect was the same.

The Supreme Court ordered Standard Oil of New Jersey to divest itself of all its subsidiaries, not to operate any longer as a combination or a single enterprise and to transfer back to the stockholders of the original subsidiaries all the stock they had exchanged for shares in Standard of New Jersey. The action was directed against the corporation, not its stockholders.

The decision was hailed throughout the land. It became a legal precedent and landmark case in the business world, governing the extent to which other giant corporations could grow before their very size would be deemed in restraint of trade. Nevertheless, considering what the trust busters, the populists and the popular press set out to do, the results of that landmark decision were ironical. For one thing, it certainly helped make John D. Rockefeller a far richer man than he had been before. Where he once owned one fourth of the Stock in Standard Oil of New Jersey, after the decision he became the owner of one fourth of the outstanding shares in thirty-three different oil companies. Then for the first time these oil companies went public. The value of their shares, which had been deliberately undercapitalized for so long, now soared skyward. In the first *month* of 1912, Standard of New Jersey stock almost doubled; Standard of New York more than doubled; Atlantic Refining tripled. Standard of Indiana went from $3,500 a share in January to $9,500 in October. John D. Rockefeller's estimated wealth rose from $200 million in 1901 to more than $900 million in 1913!

Nor did prices go down. They went up, along with the new demands for gasoline, thanks to Henry Ford's Model T, the first mass-produced automobile which the common man could afford. Dividends went up, way up, in the first year, and they stayed up. Nor did the dissolution bring about much more competition between the thirty-three new companies. Their management remained the same as before, men trained in Rockefeller methods. They obviously saw the advantages in not invading the territorial domain of others. Today, sixty years later, those companies are individual behemoths of American industry, comprising approximately 50 per cent of the oil industry in the United States, and the extent of their competition, cooperation and enlightened self-interest is still debatable. John D. Rockefeller's legacy of organization, efficiency and order lives on.

However, at the time of the dissolution of Standard Oil, John D. Rockefeller had become a whipping boy, a symbol of the hardhearted mogul of big business. Ida Tarbell's portrait of John D. was taken up and enlarged upon in the political arena. Theodore Roosevelt denounced him as a lawbreaker. William Jennings Bryan stumped the country demanding that he be put in jail. Leo Tolstoy cried out that no honest man should work with him. He was called a pirate, a buccaneer and a robber baron. A Congregationalist minister denounced a $100,000 gift from Rockefeller as "tainted money" and unwanted. The pundits of the country debated in the press whether or not it was right to accept such money. The minister, of course, did not know that his Church had spent two years pleading for that gift. Nor did John D. divulge that fact. It was not long before someone described John D. Rockefeller as the most hated man in America, and the public believed that, too. All of his philanthropies—the greatest example of giving of a private fortune in the history of America, totaling more than $500 million—were suspect. People believed and said aloud at the time that he was giving only in atonement for his sins and a sense of guilt. Some believe that to this day. His son and his five grandsons would suffer the same suspicion of all their endeavors in the years ahead. Yet the truth is that old John D. and his children and his children's children after him felt no guilt, no need for atonement at all.

7

Philanthropy

"What a delightful habit you are forming!"

"I am sure it is a mistake to assume that the possession of money in great abundance necessarily brings happiness," John D. Rockefeller wrote in his *Reminiscences*. "The very rich are just like all the rest of us; and if they get pleasure from the possession of money it comes from the ability to do things which give satisfaction to someone besides themselves."

This was a distillation of many years of thought and experience, written in 1909. By then he had been an abundantly wealthy man for a long, long time. In 1872, just two years after the incorporation of Standard Oil, for instance, he had written his wife, Laura, apropos another subject, "You know we are independently rich outside investments in oil—but I believe my oil stock the very best . . ." He recognized, as have others, that there is only so much one can spend on oneself before the mere expenditure of money for things "soon palls upon one." After all, how much more can one eat than the next man? How many clothes, how many houses, how many "things" can a man buy before such possessions cease to give him pleasure? "As I study wealthy men," concluded Rockefeller, "I can see but one way in which they can secure a real equivalent for money spent, and that is to cultivate a taste for giving where the money may produce an effect which will be a lasting gratification."

Getting and giving were an integral part of his everyday life. It was the ethic he lived by; the Protestant Ethic. At first, when he started to work, he gave nickels and dimes to various causes espoused by his own Church. Year after year his ledgers show as his income grew he gave more and more money to more and more causes, cutting across denominational, ethnic and color lines.