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Rockefeller Family Holdings Touch Every Economic Sphere

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The question of how much money Nelson Aldrich Rockefeller is worth seems like quibbling over mere millions because, in reality, the Rockefeller family together exercises awesome economic power, so vast that it dwarfs Nelson's individual fortune.

The Vice President-designate says he is worth \$62 million. Make it \$182 million with two of his trust funds. Maybe there is even more. It hardly matters.

Congress, which must confirm him, may find the Rockefeller nomination poses a much deeper question about power in America—whether the complex

and largely hidden economic power which the Rockefeller family jointly holds, which Nelson shares, which stretches across the nation's economy, and the world's, shall be twinned with the second highest political office in the land or even with the presidency itself.

Oil, banking, airlines, real estate, insurance, retailing and communications, hotels and supermarkets, electronics and mutual funds, coffee beans and chickens. The power of the family fortune is beyond measure, too, a nexus of ownership and leverage that is greater than the sum of its parts. It is more powerful than most foreign governments, more impressive than the RCA

Building which the family built, richer than the Rockefeller who started it all 80 years ago, Nelson's grandfather, John D. the First.

If Nelson Rockefeller becomes Vice President or events make him President someday, he will bump into his family's wealth on practically every major public issue.

As President, he would have the last word on chartering overseas air routes, yet his family's bank is the largest stockholder in Northwest Airlines, which flies the Pacific. The bank holds major stakes in six competing airlines, not

See ROCKY, A4, Col. 1



United Press International

Nelson A. Rockefeller: family holdings dwarf his own.

ROCKY, From A1

counting Eastern which Nelson's brother Laurance launched.

If President Ford wants oil prices held down, he could speak to the Veep who could talk to his family. They control the largest bloc of Exxon stock and have a substantial presence in three other major oil companies: Mobile, Amoco, and Standard of California.

If "Vice President" Rockefeller tours the Middle East, he may find tracks in the sand left by his brother David who, as chairman of Chase Manhattan, the family bank, has been consulting the Arab sheikhs on where to invest their money—the bulging fortune from their oil wells.

If "President" Rockefeller asks CIA for intelligence on the Soviet Union or China, he could take comfort in the knowledge that the spy-plane reconnaissance photos were taken with Rockefeller-made electronic gizmos,—by Itek.

If he wants to check on conditions in Latin America, the stomping ground of his youth, he can do it through his own personal company—IBEC, or International Basic Economy Corp.—now run by his son Rodman. It's a mini-conglomerate with affiliates in 30 countries and sales this year of more than \$300 million—housing and supermarkets, mutual funds and coffee marketing, poultry and canned fish.

If the television networks give "Vice President" Rockefeller a bad time, he might turn to a friend at Chase Manhattan. According to a Senate subcommittee's study of corporate ownership, the bank controls respectable minority blocs of stock in CBS, ABC and NBC, not to mention modest bites of The New York Times and Time-Life Inc.

Taxes, the environment, government regulation of business, prices, interest rates, overseas diplomacy, war and peace—Rockefeller interests are enhanced or hurt by government policymaking in practically every major area of American life.

When Nelson Rockefeller became governor of New York 15 years ago, he and the family discreetly got out of some holdings which created obvious conflicts for him. Consolidated Edison, New York's premier power company, was one of them, according to family associates, though Rockefeller was "raked over the coals for years afterwards" on that issue. Another was United Nuclear Corp., which the family bought because Nelson was enthusiastic about atomic energy. He started a state version of the AEC and the Rockefeller money managers quietly sold the family's United Nuclear stock.

At the federal level, however, it is difficult to imagine how Rockefeller could insulate himself from the vast interests which his family controls. He can't very well put Rockefeller Center—a billion-dollar complex of skyscrapers in midtown Manhattan—into a blind trust. As Vice President or President, he couldn't very well disqualify himself every time a policy decision potentially affected Chase Manhattan Bank. He would be out of work if he did. Even if Rockefeller took a vow of poverty, this empire would remain intact, still dominated by his family.

But the Rockefeller wealth goes be-

yond the conflict-of-interest question. Most people assume Rockefeller already has so much money, he wouldn't shave corners to get a little more. The problem is really the other way around: what impact would that great economic power have on government and politics if it were marshalled in tandem with presidential power?

What would a middle-level bureaucrat do, for instance, if he knew he was regulating the President's family fortune? Would a senator or congressman be able to resist the combined might of the White House and Wall Street's second largest bank, not to mention all the corporations which do business there?

The first Senate hearings begin tomorrow and Congress will have to decide if those questions have answers. It is a unique crossroads. Rockefeller faces close congressional scrutiny because he was nominated, not elected, under provisions of the 25th Amendment. No other politician of great wealth has had to travel that route.

The only other non-elected Vice President in history — Gerald R. Ford — had his personal finances picked over with a fine-tooth comb during last year's confirmation hearings, but congressional investigators despair over doing the same with Rockefeller. It could take months, maybe years.

This is a crude portrait of Rockefeller economic power, one which probably misses as much as it describes. For two generations, the great fortune passed down by John D. has been fractionated and cloaked by increasing layers of trusts and closely-held companies, where no public reports were required, none volunteered, and all inquiries politely rebuffed.

The family's philanthropy has virtually erased the robber baron image which clung to their patriarch. The infamous Standard Oil Trust which John D. put together was broken into many pieces by a Supreme Court ruling in 1911. In 1930, the family bought 4 or 5 per cent of Chase Bank, enough to control it. Through a half-dozen foundations, the family name became better known for giving away money to promote health, education, civil rights, conservation and population control, among other causes.

But the private fortune is still there, only less visible. Nelson, his four brothers and his sister each got trust funds plus direct inheritances. Other trust funds were created as fourth-generation Rockefellers came along. Each owns houses or cars or vacation homes or Caribbean resorts, whatever suits him or her.

The Rockefeller money, however, is still managed at one place—two floors at 50 Rockefeller Plaza—where an investment group called Rockefeller Family & Associates handles the labyrinth of trusts and bank accounts, with policy directives set by the brothers. Their sister, Abby is believed to be a less active partner.

J. Richardson Dilworth, nephew of the former Philadelphia mayor, runs it and when Dilworth's name turns up on a board of directors—like R. H. Macy's or Chrysler Corp., among others—Wall Street assumes that he is there to watch after Rockefeller money. Other Rockefeller surrogates from the investment group serve on boards where the

family has a direct stake. Operating at the same address are batches of other experts on topics ranging from ecology to urban development, hired by the brothers to pursue their individual interests.

"I can tell you that each brother has his own show," said Fred Smith, a conservation expert who advises Laurance Rockefeller. "There is fine coordination at a very high level. They have meetings of the brothers to discuss policy, but each brother does as he pleases."

The empire is not a single-minded monolith. Each brother has sunk his own money into his own schemes, usually joined by the family if the venture prospered, and several of them have proved spectacularly adept at making still more money, not to mention giving it away.

Different as they are, the brothers work well together. When David was caught up in an environmental controversy over a San Francisco Bay fill project, he asked brother Laurance if the ecological damage would be as bad as the critics warned. Laurance looked it over and advised David to get out. He did.

Nelson and Laurance still call each other "Bill," the childhood nickname they gave one another, the way kids do. When Laurance writes Nelson, he addresses him, "Dear Bill." Nelson's reply always begins, "Dear Bill."

Nelson, whose business ventures have been comparatively few, is the politician in the family and his most spectacular spending has been on his own campaigns. One foundation study calculated that since 1952 his state and national campaign expenditures have exceeded \$27 million.

At present, he and Laurance have sunk \$1 million each into the Commission on Critical Choices for America, which Nelson chairs. This prestige forum will give him good political publicity prior to the 1976 campaign and his spending on the commission is not subject to the \$100,000 legal limit on what a candidate and his family can donate to his own campaign.

His public service notwithstanding, Nelson has also done his turn at family enterprises. At age 28, he was a director of Creole Petroleum, the Exxon subsidiary that markets oil from Venezuela. He did a stint at the Chase. He was rental agent for Rockefeller Center in the 1930s (and earned a reputation for hard-nosed tactics when he struggled to fill up the new building with tenants). He launched his own corporation in Latin America, intended to bring American know-how to the markets of underdeveloped nations.

Of all the enterprises, Rockefeller Center is the brightest gem in the family crown. It is a maze of 21 skyscrapers on almost 24 acres of Manhattan heartland that is the world's largest privately owned business.

Nobody but the stockholders (the four surviving Rockefeller brothers, Nelson, John D. III, David and Laurance, their sister, Abby, and the heirs of their brother Winthrop, who died in 1973, and a handful of Wall Street bankers know its true value, but the educated guess of New York's real estate crowd is that Rockefeller Center, land and buildings, is worth \$1 billion.

Realtors talk about it with reverence, as if it were a work of art instead of a land development.

"It's beautiful real estate, the best in New York," said one realtor. "God knows what the middle of New York would look like if Rockefeller Center hadn't been built there."

Rockefeller Center is so immense that even the Rockefellers don't own all of it. Columbia University owns the 510,000 square feet where the first 14 buildings were built. This land was re-appraised a year ago for the first time in 40 years and the land alone was valued at \$180 million.

The original buildings on Columbia's land are all owned by Rockefeller Center, Inc., and while they're not worth as much as the land (because the land fronts Fifth Avenue and the buildings are 40 years old) they're not worth much less, maybe \$160 million.

Rockefeller Center's so-called new land, all of it owned by the Rockefellers, lies along Sixth Avenue. They have entered into joint agreements for ownership and management of the buildings, whose tenants include many of the premier corporations in America—Time-Life, Exxon, McGraw-Hill, Celanese.

Beyond the value of the land and buildings, Rockefeller Center has an unappraised aura all its own—worth as much as \$200 million, according to one realtor. "If these buildings all had to be replaced today, they would cost well over \$1 billion," he said.

To measure Rockefeller power, however, you have to look beyond what they own directly. The family's string of tax-exempt foundations, large and small, represents a vast pool of money, not only for the Rockefeller philanthropy, but for compatible ownership of stocks.

Thus, the Rockefeller Foundation, which John D. III chaired for years, reported 1972 assets of \$976.9 million and about \$362 million of it was invested in oil stocks (although the foundation's oil holdings used to be even larger). The Rockefeller Brothers Fund, where the family is heavily represented on the board and Nelson is an honorary trustee, had \$268 million in 1972 with \$67 million in oil companies.

Exxon and Mobil led the list. If you throw in the huge blocks of oil stock held and controlled by Chase Manhattan's trust department for anonymous owners (some of whom are probably named Rockefeller), it comes to a total of about 8.6 million shares of Exxon, almost 4 per cent, the largest chunk of stock in the world's largest oil company.

Even that rough estimate might be too low. A source inside the company figures that the "family holdings" total about 9.9 million shares.

Besides Exxon, the real leverage is at Chase Bank, total assets of \$8.8 billion last year. Again, everyone knows the Rockefellers control it, but nobody outside the family can say precisely how much they own of it.

Board Chairman David, the only Rockefeller required to report his holdings, had 337,500 shares at last count, about 1 per cent. The Rockefeller Brothers Fund had another 148,000 shares. Rockefeller University, a unique graduate-study and research center in Manhattan, held 81,000 shares. Back in 1964, when House Banking Committee Chairman Wright Patman (D-Tex.) studied bank ownership, Rockefeller Center, Inc., (which is wholly owned by the family) owned 86,200 shares. That has presumably doubled through two stock splits in the intervening years. Today, Rockefeller Center, Inc., won't tell how much it owns of Chase Manhattan Bank.

Control of the bank and its trust department has the effect of multiplying the family's economic leverage far beyond the limits of the Rockefellers' wealth. Every major bank in New York holds millions of shares in their trust departments for other owners — most of whom give the banks the power to vote the shares and, thus, influence corporate management.

Chase's trust department, with the bank's companion investment management corporation, controls the single largest block of stock in United Air Lines, Northwest Airlines, Long Island Lighting, Atlantic Richfield Oil, National Airlines, to name a few. It holds important chunks in a galaxy of leading corporations—AT&T, IBM, Sperry Rand, International Paper, Motorola, ITT, Avon Products, Safeway Stores.

Major banks like Chase protest that their enormous trust holdings do not give them control over a corporation, that their stewardship is rendered neu-

trally on behalf of the anonymous owners. Wall Street has many skeptics, and so does Washington.

"It is reasonable to assume," said one well-known oilman, "that Chase would not have its trust holdings in a management of which they did not approve."

Thus, Chase Manhattan is a good place to be if you want to take part in crucial decisions of capital and control which can alter the structure of American business. The board of directors represents a bewildering maze of interlocking interests, often competing companies sitting down side by side at the same table to discuss where the economy is headed, who's winning and who's losing.

To make it simple, here are the corporations represented on Chase's board by their chief executive officers of their own board chairmen:

American Smelting and Refining, Honeywell, Allied Chemical, General Foods, Hewlett-Packard, Exxon, Federated Department Stores, AT&T, Royal Dutch Petroleum (Shell), Burlington Industries, Equitable Life Assurance, Standard Oil of Indiana. The Chase executive officers all serve on other corporate boards and some of them see each other again in foundations, clubs, and civic endeavors.

America's commercial airlines represent one example of how the Chase bank exerts industry-wide leverage. According to a new report compiled by the Civil Aeronautics Board, the bank holds about 12 per cent of National, 9 per cent of Northwest, 8 per cent of United, 7 per cent of Overseas National, 6 per cent of TWA, 5 per cent of Delta, 4 per cent of Braniff, and other lesser holdings.

While Chase holds airline stock, the bank also lends them a lot of money. Last year, two Senate Government Operations subcommittee jointly investigating corporate power disclosed that 14 airlines owed \$274 million to Chase Manhattan. Pan Am owed \$20.8 million. Continental owed \$95.5 million.

Credit also flows from large insurance companies and the Rockefeller interests are well represented on the board of Equitable Life, a mutual company owned by its policy holders but, of course, controlled by its directors. Equitable held notes worth \$241 million from five major airlines — Pan Am, United, TWA, American and Eastern.

While the issue is debatable, some critics think the debt structure gives the big banks and insurance companies more control over significant corporate decisions than the stockholders have. A Senate hearing earlier this year was told that Mohawk Airlines was forced to merge with Allegheny because it was unable to increase the size of its credit. It was Chase Manhattan which told Mohawk it would call its loans unless the airline found new capital to buy replacement aircraft. The only place Mohawk could find the money was with Allegheny.

"While many marriages are made in heaven, this one was made in the vaults of Chase Manhattan Bank," claimed Reuben B. Robertson III, a consumer advocate on aviation issues. "While the stockholders' interests were substantially diluted, Chase and the other participating lenders emerged unscathed."

When the Civil Aeronautics Board set up advisory committee on finance a few years ago, Chase, Equitable and Rockefeller Family & Associates each had a man on the nine-member board.

The man from the Rockefeller family on the committee was Harp Woodward, a director of Eastern Airlines and one of those surrogates who serves in place of a Rockefeller. Eastern Airlines first took off in 1938 with the help from Laurance Rockefeller (who also gave an early boost to McDonnell Aircraft). He still owns 49,000 shares. Chase holds 240,000 shares. According to an associate, Woodward sat in for him on the Eastern board when Laurance tired of the chore.

Laurance is best known to the general public as a leading conservationist, but he has also been the family's most adventurous investor, putting money on new ideas which proved to be profitable. He owns all of Eastern's preferred stock (216,736 shares), which he acquired seven years ago when he sold the airlines a majority interest in several luxury resorts which he developed—the Dorado Beach and the Cerromar Beach in Puerto Rico, the **Mauna Kea** in Hawaii.

Eastern still owns the Puerto Rican hotels, but it sold Mauna Kea back to Laurance when it failed to win CAB

approval for a Pacific route to the island state. In the deal, Eastern received a 40 per cent interest in Rockresorts, properties valued at more than \$100 million, developed and mostly owned by Laurance.

The Rockefellers have used their personal fortunes imaginatively over the last generation, seeding new ventures with a genuine feel for risk and new technology, like a family game of Monopoly, only they play with real money.

Rockefeller cash — perhaps no more than \$30 million over the past two decades — has provided crucial seed money for a long list of struggling companies, at least a dozen of them. "We always invested this money as a minority interest, never more than a one-third interest," said Teddy Walkowicz, a longtime member of the Rockefeller Family & Associates who resigned his partnership a year ago. "The philosophy was to help people get started and to attract other investors to fields blossoming but still too risky for people to put money in them."

The Rockefeller venture companies may never make Fortune's "top 50" and their names are not household words — Evans and Sutherland Computer and Iomec Inc. and Safetran Systems and Scantlin Electronics. Others are fair-sized concerns which more than returned the original investment.

GCA, Inc., makes rocket-borne precision instruments and has sales of about \$30 million a year. The best known Rockefeller-backed company is Itek, Inc., which grew from nothing back in 1957 to a company doing more than \$200 million a year. Itek is believed to have made the high-altitude spy camera aboard Francis Gary Powers' U-2 plane and it makes the cameras for Air Force spy satellites.

The driving force behind GCA and Itek was Laurance Rockefeller, but all the brothers lent a hand. They helped start GCA with \$500,000 and their original investment in Itek was only \$750,000. The family is understood to have sold most of its holdings in both.

Not all of the Rockefeller moves have turned to gold. Scantlin Electronics, now called Quotron, pioneered in the electronic stock calculator, then watched as two larger companies (General Telephone and Bunker-Ramo) muscled their way into the field. Today all three are hurting as the stock market falls.

Another Rockefeller vision—an integrated nuclear-power company with uranium mines and atomic power plants—led to United Nuclear Corp., which lost money for years. The uranium mines were profitable, but the power plants were sold for nuclear submarines, not cities, at losses.

Nelson Rockefeller himself has some hard times as a businessman when he launched International Basic Economy Corporation back in 1947 in Venezuela with \$8.5 million of Rockefeller seed money. It has never been a big money-maker, but the founder's main intent was economic development. The corporation was once refused a charter by New York State on the grounds that its stated purpose was "not" to make money.

Some of his early moves were flops and Nelson still jokes about them, according to associates. Once his development experts advised a grain-marketing center would go in one South American country. After it was built, they noticed there were no train to ship the commodity.

In Venezuela, Rockefeller motorized the Caribbean fishing boats to encourage the fleet, but the fishing captains instead went into the charter business. When it got the fleet organized, IBEC decided to freeze the fish for marketing, and learned too late that Venezuelan housewives insisted on fresh fish.

IBEC is a lot healthier and more diversified now. It operates what may be the world's only wholesale supermarket outside Sao Paulo, Brazil. One retailer drives 3,000 miles once a month to shop there, buying stocks for his stores in the Amazon jungle. In Venezuela, where IBEC has 48 supermarkets, the Vice President-designate also owns on 18,000-acre ranch and part of a milk distribution concern.

In recent years, the Rockefeller interests and their corporate allies have been singled by the nationalism burning across Latin America. In Peru, a subsidiary of Exxon lost its oilfield concession. In Chile, Anaconda Copper, which then had two interlocking directors with Chase Manhattan, lost its huge copper mine.

(Though the new Chilean government has indicated its willingness to compensate the company for the mine.) In Venezuela, where IBEC does its biggest business, the government proposes to reduce foreign holdings in all businesses to 20 per cent by 1977.

"We're not traumatized at the thought of going down to 20 per cent," said IBEC vice president Harvey Schwartz. "We would like to stay in Venezuela . . . We happen to feel very strongly pro-Venezuelan."

In Chile, the Marxist government of Salvador Allende expropriated Concretos Redi-Mix, an IBEC cement plant. After Allende was toppled last year in a military coup, the new government offered to give it back. An IBEC spokesman said the corporation isn't sure it wants it.

The irony is that the Rockefellers are criticized from both the left and the right in this country for the way they have reacted to upheaval overseas. Some conservative businessmen argue, in private, that if Exxon and other major oil companies had used their economic power more forcefully in South America and the Middle East, they might have stemmed the tide of expropriation and higher taxation. The far right thinks Rockefeller money is in league with the communists.

Meanwhile, left-wing critics think Rockefeller is part of a Central Intelligence Agency plot, a suspicion encouraged by his tenure on the Foreign Intelligence Advisory Board and his association with such right-wing businessmen as Augustin Edwards, publisher of El Mercurio in Chile, and once a director of an IBEC mutual fund. Edwards has been named in congressional hearings as a probable recipient of CIA covert funds.