

Will
drec
indi
cour
A
in ja
initi
wer
mili

THE FOUNDATIONS
(Charity begins at home)

by David Horowitz with
David Kolodney
Ramparts, Apr 69

articulate a mood shared by thousands who had since scattered. It was hard for us to think of ourselves as *the* Oakland Seven. As we realized that we wouldn't go to trial for another six months or a year, we tried to forget the whole thing.

That was wishful thinking on our part, not shared by the Alameda County power structure. They had not forgiven Stop the Draft Week for costing the City of Oakland \$2,350,000 to keep the Induction Center open, for arousing bad publicity from the beatings handed out to the press, for humiliating the police and for writing revolutionary slogans all over public buildings and streets.

Despite the support for the original demonstration, we had trouble building a defense committee only a few months later. There is a tendency in the white radical movement to go to a militant demonstration, throw a rock or two, and then return home to Bob Dylan records and grass. The left lacks a sense of long-term commitment, as is seen in its unwillingness to defend its own. In our instance, the defense committee which was to publicize the case sagged, largely because of a lack of stimulus on the part of the defendants.

But there were constant reminders. Almost immediately after the indictment, Jeff Segal was called back to Chicago on a previous draft refusal case. Although an appeal to the Supreme Court was about to be filed, the judge put him in jail, claiming he was a "professional demonstrator." Reese Erlich was reclassified 1-A and ordered to report for his pre-induction physical. Bob Mandel was arrested for "loitering" while doing anti-draft organizing at a local high school and faces a possible five years in addition to the charges of the draft action. On November 22 of this year, Terence Cannon was convicted of using "profanity" during a demonstration in San Francisco's Haight-Ashbury. After the judge questioned him about the conspiracy trial and other political activities, he sentenced Cannon to 90 days and a two-year probation under terms which forbid attendance at any rally which the police *might* construe as illegal.

EVEN THOUGH IMMEDIATELY AFTER STDW it appeared that the Alameda County government was not going to take serious action, there were those who did not forget. Pat Michaels, a right-wing moderator on a local radio talk show, began to urge his listeners to write District Attorney Coakley demanding felony conspiracy prosecutions for the leaders of STDW. Coakley was responsive.

One of Coakley's newly hired deputy DA's, Yvonne Merga, had gained his attention precisely because she wrote a law review article in 1965 propounding the virtues of felony conspiracy charges. She stated:

"While the illegal demonstrators in California have not been tried for criminal conspiracy, it would seem clear that they could be. . . . If a conspiracy is charged there is no need to wait for all the participants to commit the planned acts

un-
en-
gh

ht
he
Ve
of
to

before arrests are made. . . . Attendance at a preparatory group meeting to plan an unlawful demonstration would satisfy the requirements of conspiracy. . . ."

Coakley's use of the conspiracy indictment is part of a general trend. It seems to be the law by which the government will try to control and eliminate dissent. The conspiracy law first appeared in the historic Philadelphia Cordwainer's Case of 1806, when the judge ruled that the strike of shoemakers with the object of gaining a salary increase was a "criminal conspiracy." And most recently, the federal government chose Dr. Benjamin Spock and his colleagues to serve as examples to draft resisters by charging and convicting them of conspiracy to "counsel, aid and abet" draft refusal.

The conspiracy law is perfectly suited to political repression. For all conspiracy cases the crime is in the agreement—the specific offense need not be committed. The defendants don't even have to know each other. For a conviction, the jury must merely decide that a group of people made plans in advance (separately or together) to commit an illegal act. State governments are increasingly using local laws which make the act of demonstrating a misdemeanor, but the planning of such demonstrations a felony. As Clarence Darrow noted in his autobiography, if a boy steals candy it is a misdemeanor; if two boys agree to steal candy and don't do it, they are felons.

When the U.S. Justice Department established a special division to prosecute draft cases, they urged local district attorneys to prosecute with local laws, thus avoiding the national publicity of the Spock case. California prosecutors have taken this advice to heart, and currently there are several conspiracy cases pending besides the Oakland Seven, among them the Mexican-American Brown Berets, for organizing a boycott of high school students, and some SDS kids, for joining a union strike picket line. The conspiracy law returned to haunt Berkeley when the UC Board of Regents denied Eldridge Cleaver the right to teach a course on racism at the Berkeley campus. After a long series of delays and more moderate protests, a group of militant students occupied Moses Hall, an administration building. The demonstration was spontaneous, with little organization and no real leaders. But Frank Coakley wanted to get some of the radicals he had missed during STDW. The result: "conspiracy to commit trespass, malicious mischief, and resisting arrest" charges against three radicals. "Overt acts," which allegedly prove their conspiracy, consisted of giving speeches at a noon rally and chairing a meeting.

As far as the Oakland Seven are concerned, the best explanation we've ever received of exactly why we're being prosecuted came from a burly Alameda County sheriff's deputy. We were at Santa Rita County Jail where we had staged a protest against the poor conditions there. The guards had just hauled four prisoners off to solitary confinement.

We had all participated in the demonstration and demanded equal punishment—or no punishment. But the deputy explained to us, "When I go hunting for doves and see a whole flock of 'em lying low, I fire into the flock hoping to hit a couple. I couldn't possibly get the whole bunch, but when I hit the couple, the rest take off real quick."

Donations to the Stop the Draft Week Defense Fund can be mailed to 6439 Benvenue Street, Oakland, California 94618.

THE FOUNDATIONS

[Charity begins at home]



From Life, New York City, July 6, 1911.

by David Horowitz with David Kolodney

AT THE TURN OF THE CENTURY, when John D. Rockefeller Sr. commanded his "Standard Oil gang" from the elegant boardroom at 26 Broadway, the name "Rockefeller" conjured something far different from the present visions of vaguely liberal Republicanism, high-minded philanthropy and subsidized ballet. As one biographer recalls, "For 40 years—from 1872 to 1914—the name of John D. Rockefeller was the most execrated name in American life. It was associated with greed, rapacity, cruelty, hypocrisy and corruption. . . . The attorney generals of half a dozen states clamored for his imprisonment. La Follette called him the greatest criminal of the age. . . ."

When it is considered that a Rockefeller in the White House has become a possibility—for many, even a desire—it is possible to appreciate the massive beautification program, the political face lifting, that has taken place over the last 50 years. The public image of robber barons like the Rockefellers and of American capitalism itself—the two are as inseparable as the dancer and the dance—has been cleaned up beyond recognition. It has taken a great effort and the subsidized bad memory of history; but the greatest credit is due to the royal families themselves, the Rockefellers and the Fords, who by dint of circumstance and through the devices of their lawyers have turned a new institutional face upon the world, at once benign and inscrutable: the nonprofit, charitable foundation.

As might be expected, however, more is to be found in these foundations than the mere stuff on which images are built.

The income of the 596 largest tax-exempt foundations is more than twice the net earnings of the nation's 50 largest commercial banks. The annual income of the Ford Foundation alone exceeds that of the world's biggest bank and has totaled almost two billion dollars over the last 30 years. The Rockefeller Foundation, starting life with \$34.4 million in 1913, accumulated over the next half century another \$876.2 million—three-fourths of it from stock income and capital gains.

But even more important, the foundations sustain the complex nerve centers and guidance mechanisms for a whole system of institutional power. To a remarkable and not accidental degree, this power has both characterized and defined American society and its relations with the rest of the world in the 20th century.

[AN UNSUBSIDIZED LOOK AT HOW THE GREAT PHILANTHROPIC FOUNDATIONS WERE BORN]

AS THE CENTURY TURNED and the Gilded Age tarnished into the Age of Frenzied Finance, it was evident that the wanton, headlong joyride of economic grab and ruin that had produced a Rockefeller was producing a popular reaction of serious import. "We have been cursed with the reign of gold long enough," Eugene Debs told wildly cheering crowds. "We are on the eve of a universal change." Populism had already put 15 men into Congress and was making a serious bid for power as a third party. Its enemy, said agrarian rebel Tom Watson, was "monopoly—monopoly of power, of place, of privilege, of wealth, of progress."

As the mood of the country became increasingly rebellious, it became clear that some sacrifice would have to be made if



the edifice of corporate power and privilege was to be maintained. John D. Rockefeller, whose Standard Oil Trust was the first, biggest and most notorious of the giant trusts—the living symbol of monopoly itself—was keenly aware that no one could make a more delicious and satisfying sacrificial offering than himself, not only because he exemplified all the system's excesses, but also because his interventions in politics, both as bankroller and prompter, had made important enemies, most notably Teddy Roosevelt.

By 1909 there seemed no way, even for Rockefeller, to stem the tide of antitrust actions and lawsuits which reached their culmination that year in a court order to dissolve the Standard Trust itself. It was primarily in response to all this that Rockefeller's defensive campaign of strategic philanthropy was launched. He had begun seriously laying its groundwork as early as 1903, when he announced the formation of his first big philanthropy, the General Education Board, following Teddy Roosevelt's ascension to the Presidency. On March 2, 1910, Rockefeller finally asked the United States Congress to grant a special charter for a great new "Benevolent Trust." This was the auspicious start of the Rockefeller Foundation. Time was clearly of the essence: less than a year earlier, Congress had submitted to the states the 16th Amendment, authorizing an income tax; just five days before applying for the charter, Rockefeller attorneys had filed their last, futile appeal with the Supreme Court to block the dissolution of the Standard Oil Trust.

The hatred attached to Rockefeller's name and the fear which his power inspired were so widespread at this time that Congress rejected the proposal for the Foundation charter. It was dubbed "the kiss of Judas Iscariot" by the press, "a Trojan horse." In the end, Rockefeller was forced to relinquish his request and content himself with a charter issued by the State of New York in May 1913. With the issuance of this charter, he surrendered a small portion of his wealth, not to the plebian control of the state, but to a select group of

Foundation trustees whose discretion he could count on: John D. Rockefeller Jr.; his son-in-law, Harold McCormick of the International Harvester McCormicks; and, lest nepotism be charged, his servant, Rev. Frederick T. Gates, as “business and benevolent advisor.”

The breakup of the Standard Oil Trust, the outstanding triumph of the trust-busting Progressive Era, was seen as a serious limitation of Rockefeller’s monopolistic economic preeminence. However, knowledgeable men in the world of high finance weren’t placing any bets against him. The day after the dissolution of Standard Oil, activity on the Big Board added a prodigious \$200 million to the company’s market value, including \$56 million to Rockefeller’s own holdings (substantially more than his initial \$34 million “gift” to the new Foundation). And those who had thought that Rockefeller’s power over the fragments of the old trust was really gone were surprised when a corporate battle royal a few years later demonstrated that reports of its death had been greatly exaggerated.

On May 28, 1929, in the wake of the Teapot Dome scandal, a bitter corporate battle erupted over control of the erstwhile trust subsidiary, Standard Oil Company of Indiana. Indiana’s President Robert W. Stewart had been linked in shady business deals with Harry Sinclair of Sinclair Oil (whose bribe to the secretary of the Interior was at the center of the Teapot Dome affair). When the new scandal broke, the president of the Rockefeller Foundation, John D. Rockefeller Jr., publicly demanded Stewart’s resignation—a presumptuous, even insolent demand for a stockholder with only 4.5 per cent of Indiana Standard’s common shares.

Stewart stood his ground against the upstart philanthropist, making full use of his managerial position to rebuff the attack. On Stewart’s recommendation, the board of directors voted a dividend of \$116,000,000, payable to the holders of Indiana Standard’s 14 million outstanding shares, proving to the stockholders the desirability of the current management. But Rockefeller Jr. had a few aces up his sleeve. When the crunch came, he voted against Stewart—not only his own shares but also those of the Rockefeller Foundation, the General Education Board, other Rockefeller endowments and his sister’s trust fund, as well as the stock held by the Harkness, Pratt and Whitney families, all Rockefeller partners in the original Standard Trust and still family and corporate allies.

Leading the Rockefeller forces in the proxy fight was Charles Evans Hughes, former secretary of State—dubbed by his critics, “secretary for Oil”—and a distinguished trustee of the Rockefeller Foundation. When the dust settled, Rockefeller had won 60 per cent of the votes and the ousted Stewart had to content himself with a \$50,000-a-year pension which the directors awarded him for past services.

This kind of amiable camaraderie has continued to exist between the Rockefeller Foundation and the companies of the old Standard Oil Trust, according to Congressman Wright Patman’s report on tax-exempt foundations. In 1962, when Standard Oil of New Jersey needed an extra million of its own shares to purchase the Olin Gas and Oil Company but was reluctant to make a new stock issue, it had only to ask the Rockefeller Foundation, which sold it the necessary shares.

Nor is oil the only area in which the Rockefeller enterprises, “nonprofit” and otherwise, exhibit team spirit. In 1961, as a result of threatened prosecution by the Justice Department’s

Anti-Trust Division, four New York banks were forced to dispose of their controlling shares in the Discount Corporation of New York (a primary dealer in U.S. securities) to institutional investors. Of the 29,000 shares sold, those 6000 representing the controlling block were picked up by Rockefeller-controlled purchasers. Included were the Rockefeller Institute (a nonprofit scientific research institute), the Rockefeller Brothers Fund, the Chase Manhattan Bank, Colonial Williamsburg (the living museum in Virginia) and Sleepy Hollow Restorations, Incorporated.

Of course the covert reintegration of Rockefeller’s formally shattered empire is not often laid open to view as it was in this corporate gathering of the tribe. And the uses to which this potential for central control are put are not well understood, not only because of the secrecy with which corporate and financial leaders shroud their decisions and modes of operation, but more importantly because the academic professions—heavily subsidized by the Rockefellers and Fords—have shown a singular lack of interest in its alliances, power configurations and interests.

Despite this failure, the scope and strength of the financial network that binds together a continuing Rockefeller imperium can be indicated by the known holdings just of the charitable Rockefeller trusts (not to speak of family trusts, personal and other direct holdings). Of course the main wealth of the Rockefeller Foundation itself flows from the fortune’s primal source, the Standard Oil Company of New Jersey. The Foundation is today probably Jersey Standard’s largest stockholder, with 4.3 million shares worth several hundred million dollars. In addition the Foundation owns two million shares of Standard Oil of Indiana, 230,000 of Standard Oil of California, 300,000 of Socony Mobil (Standard of New York), 300,000 of Continental Oil, and 100,000 of the Union Tank Car Company (often referred to as John D. Rockefeller’s “secret weapon” in the oil monopolization business). And there’s more, for the superstructure of the Rockefeller empire extends through another dozen foundations, and for these too the taproot is sunk deep in Rockefeller oil. According to the 1962 Patman Report, six other noncommercial Rockefeller foundations own another 3.5 million shares of Jersey Standard, 300,000 of Socony Mobil, 450,000 of Ohio Oil—and so it goes.

These foundation holdings, combined with personal holdings and a matrix of over 75 family trusts, afford the Rockefellers control of an inconceivably vast economic empire. In 1967, the assets of Standard Oil of New Jersey alone were valued at \$15 billion. The combined assets of Socony Mobil, Jersey Standard, Indiana Standard and California Standard, in all of which the Rockefellers were major stockholders, amounted to \$30.5 billion. Other Rockefeller-dominated interests include the world’s second largest commercial bank, the Chase Manhattan (\$17.7 billion); the second and third largest insurance companies, Metropolitan and Equitable (\$24.6 and \$13 billion); Eastern Airlines (\$829 million); Consolidated Natural Gas (\$1 billion); Union Tank Car (\$367.8 million); Itek (\$63 million); and Rockefeller Center (\$300 million). This must be considered only a partial listing, but its grand total—\$88 billion—is revealing nonetheless.

As the Patman Committee Report indicates, the Rockefeller Foundation was built in part as a secure repository designed to insulate a great fortune from the legal and political assaults that plague overtly commercial institutions. It was a disguised

tax-free holding company. But it was not *only* that or it would be neither disguised nor untaxed nor as potent and portentous an instrument as it has become. A philanthropic cover must have some substantial reality to it if it is effectively to protect the underlying corporate structure. This duality of commercial interest and charitable form was the genius in the Foundation's architecture. Forced to dispense huge resources to keep its status, it salvaged something from the situation by understanding that it had a unique opportunity for private interest to operate on the cultural, political and social life of the society. Suspicion and resistance are forestalled by the assumption that what is nonprofit is disinterested and what is charitable is beneficial. The Rockefeller Foundation is only one of a phalanx of similar and related institutions. Indeed, it has even been to some extent upstaged by a later entrant on the scene.

THE FORD FOUNDATION IS THE EVEREST of the cultural-social trust field. Its assets exceed \$3 billion, which is more than the gross national product of Cuba, and four times those of the second-place Rockefeller Foundation. Its annual income from securities is \$150 million. In the period of a year and a half beginning in 1956, it "gave away" \$500,000,000, which is like giving away Time, Inc., Magnavox, General Mills, Pepsi-Cola, or even American Motors. The Ford Foundation represents the largest charitable dispenser in history; it is also without doubt the one whose genesis was most firmly rooted in greed.

Henry Ford was anything but a charitable man in his lifetime, and the greatest of all the philanthropic foundations was in fact not the outgrowth of generosity at all, but of Ford's own overweening perversity. In 1935, Ford, along with his son Edsel, owned 97 per cent of the third largest industrial corporation in the world. He considered this his crowning achievement, and he could not comprehend that in the world of modern business, it was a disaster. All the time that his compeers, the Rockefellers, Mellons and others, were occupied with diluting their "ownership" in vast industrial empires (at the same time securing the reins of tax-protected control through foundations, trusts and various other holding devices), Ford was busily buying out his partners in simple-minded pursuit of exclusive, total, personal possession of his very own motor company.

But just as the "sage of Dearborn" was reaching the frenzied peak of the megalomania that dominated his later years, the national climate was becoming increasingly dangerous for such nakedly exposed riches. The speculative boom of the '20s had collapsed into the chasm of the Great Depression; the thievery of the "economic royalists" was being denounced in public hearings, while unarmed hunger marchers were being shot down at the Ford plant in Dearborn, Michigan. Out of the South, neo-Populist Huey Long was marshaling national support behind his share-the-wealth campaign, and in 1935 FDR recommended that federal taxes be used as a weapon against "unjust concentration of wealth and power." The Wealth Tax of that same year fixed high income, gift and estate taxes (70 per cent for sums in excess of \$50 million). Finally it all sank in. Within months, the papers establishing a Ford Foundation were completed.

If Henry and Edsel Ford had left their Ford stock to the



A cartoon by Viafora
in the New York Evening Mail.

Ford children, the heirs would have had to sell *most* of the shares they received just to pay the inheritance taxes. So Ford's lawyers arranged for him to will only 10 per cent of the stock to the Ford children and 90 per cent to the Ford Foundation. The Foundation stock, however, was designated "non-voting," a thoughtful gesture which kept control of the company firmly in the hands of the family. The Ford lawyers also provided that the inheritance taxes on the shares passed on to the Ford family would be paid out of the Foundation's shares as its first philanthropy.

LIKE THE ROCKEFELLERS', THE FORDS' foundation program has always emphasized self-help, and they have always helped themselves. In 1961, the Fords needed a million Ford shares to acquire and absorb Philco Corporation. The Foundation—whose charter stipulates that it is "for charitable purposes, and nothing else"—was charitable to a fault; it even settled for four dollars per share less than the market value of the stock, amounting to a four million dollar discount. But then the market value was itself twice the value which the modest Ford Foundation carried on its books, so that the Foundation was doubling its money on the deal (tax-free, naturally).

Though the Ford Foundation is not quite so charitable to other companies, it has never been one to let a nonprofit status stand in the way of a little business. During the period 1950-1962, for example, the Ford Foundation made loans of at least \$300 million to commercial organizations.

In the first 15 years of its existence, while Henry Ford

was still alive, the Ford Foundation prudently avoided throwing money around in the loose showy manner of some charities. Its frugal philanthropy of those years added up to about \$20 million, mostly trickling to "local" projects like the Detroit symphony and the Ford museum and hospital. Then, in the next 16 years, from 1951 to 1967, the Foundation poured out \$2.6 billion, or a thousand times the previous rate. The story behind this sudden largesse underlines the unique character of this type of institution. It is an anomalous creature of unique circumstances; not really a charity, its prodigious levels of spending are imposed by external conditions and the only really pertinent question becomes who presides over its expenditures and for what ends.

The mere transfer of Ford stocks to the Ford Foundation in 1937 had not fully solved the Ford family crisis over control of their motor company. For while Congress has in its time turned a blind eye toward many tax-exempt "charitable" holding companies for commercial enterprises, the mammoth Ford enterprise was too big and blatant to be ignored indefinitely. Moreover, certain very powerful constituents began to get restless. These were not constituents of the letter writing class, but included Chrysler and General Motors. What they found particularly annoying was the dividend policy that Ford's peculiar stockholding arrangement permitted.

The family, whose 10 per cent of the stock held all the votes, was not particularly concerned with high dividends, since 90 per cent of the stock on which they would be paid was locked away in the Foundation. And since that 90 per cent was in no position to complain, Ford Motor Company was able to put only half as much of its profits into dividends as Chrysler was, leaving the rest for a reinvestment and expansion program which powered Ford's forward surge in the auto market. By April 1954, the very important constituents were visibly losing their patience: "If General Motors or Chrysler earned no money and paid no dividends this year," complained the Corporate Director, a business monthly, "management heads would roll and equity credit would be seriously impaired. . . . It is our belief that in this case and in many others, federal legislation is needed that will prohibit any charitable foundation . . . from owning more than ten per cent of any business enterprise."

The Ford Foundation, not wanting to force anyone to such drastic measures, immediately took steps to sell 15 per cent of its Ford Motor stock to the public (a figure that was later upped to 22 per cent) and even to spend its income, amounting to \$100 million and more annually. After two decades, forced by the sheer weight of its own resources, the Foundation finally got down to philanthropic business. And so it was that an institution which in the next 15 years was to have the largest impact of any single organization on American higher learning was created in spite of itself.

Obviously, nominally philanthropic institutions like Rockefeller and Ford fail to coincide with the popular conception of a charitable institution or an altruistic mission to uplift the poor. They were after all designed first for the purpose of preserving wealth, not undermining it. This is why the largest area of foundation support has been research and higher education: the development of techniques and the training of the social elite.

"The problem of our age," Andrew Carnegie said in *The Gospel of Wealth*, is not the redistribution but "the proper

administration of wealth, that the ties of brotherhood may still bind together the rich and poor in harmonious relationship." For the foundations, this effort takes many forms, from charting national policies designed to make the world safe for Standard Oil to engineering a proper course of moderation for America's black minority.

[HOW CHARITY CAN BE ARTFULLY DISPENSED AND NOT ONLY BENEFIT THE RECEIVER BUT MAKE HIM A RESPONSIBLE CITIZEN AS WELL]

THE YEAR 1877 WAS A YEAR of compromise. In order to secure the election of Rutherford B. Hayes in the disputed presidential election, the northern money interests controlling the Republican Party made a deal with southern Democrats to withdraw federal troops from the South. These troops had represented the thin blue line guarding from the terror of the Ku Klux Klan and other Redeemers of the Old South the efforts of black freedmen and radical Republicans to construct a just social order. The withdrawal was followed by a wave of violent repression against the black population, including thousands of lynchings and the establishment of total segregation in political and social life which was to continue unchallenged well into the middle of the present century.

The compromise of northern liberals with White Power in the South represented more than a mere gratuitous betrayal of black people. From their point of view, and in terms of their own narrow self-interest, it made good financial sense. 1877 was also the worst year in the severest depression then on record. The nation was in the throes of a "great railroad strike," whose suppression required the armed occupation of several cities including Baltimore and Pittsburgh. Moreover, in the countryside, the agrarian radicalism of the Populist movement was gathering strength and was shortly to be joined by southern blacks in the first integrated mass movement in the United States.

The possibility of a new civil war, a class war of the dispossessed against their exploiters, was very real. Thus, a conservative alliance between the men of property and power, North and South, was a natural step. But every good encircling net must have a loophole through which the defeated, the compromisers and the appeasers can walk to safety and surrender.

As the century drew to a close, there were already accommodationist tendencies developing in the black movement, and in 1895, a man stepped into the spotlight whom the sophisticates of power immediately recognized as an answer to the dangerous tides of anarchy and extremism.

Booker T. Washington emerged to national prominence with a speech in Atlanta in 1895, in which he eloquently set forth a program of accommodation, compromise and gradual amelioration for the black man. "Gentlemen," he addressed the white southerners in his audience, ". . . the wisest among my race understand that the agitation of questions of social equality is the extremest folly. . . ." Self-help and the attainment of humble economic power was the heart of his prescription: ". . . It is at the bottom of life we must begin, and not at the top." These were words calculated to warm the hearts and open the pocketbooks of rich white southerners and their northern allies, who in fact, through philanthropic

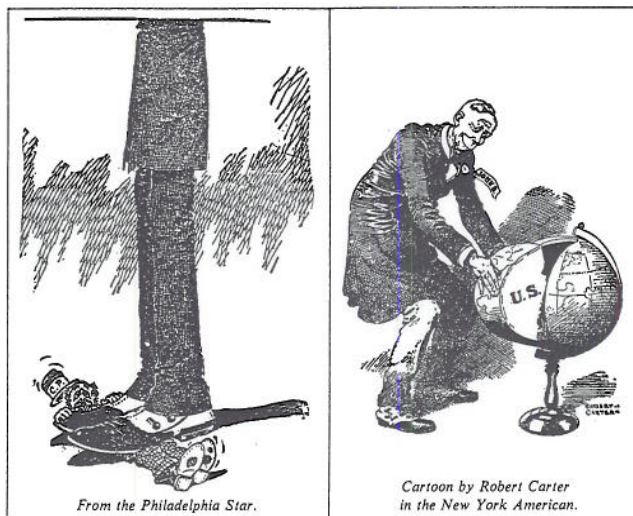
gesture and political influence, quickly enabled Washington to become the most powerful black man in American history.

The seed of the strategy of accommodation had been planted years before by white philanthropists and missionaries through the Negro college system in the post-Civil War South. Following the cessation of hostilities, a few northern philanthropic foundations (in part created from textile fortunes generated by cotton trade with the slave South) were impressed by the necessity of making the newly-freed slaves "responsible citizens" and reliable laborers. Under the leadership of the Peabody and Slater Funds, and later the Carnegie philanthropies and the Rockefellers' General Education Board, which became by far the single most important influence, a system of Negro higher education was developed in the South. In accord with the predilections of its white benefactors, however, this education system, which was responsible for training the black leadership for the whole South, was primarily a system of "industrial" or vocational education. Among the white-financed Negro institutions which pioneered this development was the Tuskegee Institute, which provided Booker T. Washington with his institutional base and was benefacted by such stellar names of corporate wealth as Rockefeller, Carnegie, Huntington and Morgan. Needless to say, one of the conditions of the benefactions was that control of the institutions was by and large kept out of Negro hands. Carter G. Woodson, the eminent black scholar, has remarked in retrospect that it was a system in which the white man picked up the bills and laid down the law, and as a system it served only to re-enslave the Negro, who was "trained to think what is desired of him."

As Booker T. Washington ascended to national prominence with his white-sponsored philosophy of self-help and political quietism and his program of creating a responsible class of black common laborers for white wealth and industry, it was only natural that he should assume a key role in channeling funds for this training system and for maintaining its ideological lines. Just as the foundations themselves waited for his good word before dispensing their largesse, so college administrators sought his advice on personnel with an eye towards making their own institutions more desirable to the money powers. In 1900, with financial support from Andrew Carnegie, Washington founded the National Negro Business League, which provided him with a platform for spreading the gospel of thrift, industry, self-help and Negro support of Negro business—and for condemning agitators and advocates of political and electoral struggle.

Washington's support from whites not only assured the ascendance of his program and ideology but allowed him to maintain it against the challenges of others. In 1905, W.E.B. DuBois founded the Niagara Movement and threw down the gauntlet to the whole Bookerite approach: "We repudiate the monstrous doctrine that the oppressor should be the sole authority as to the rights of the oppressed. . . . Persistent manly agitation is the way to liberty."

But the radicals were no match for Washington and his backers. The historians Meier and Rudwick described his response: "Washington used all reservoirs of power at his disposal to silence his critics. He placed spies in radical organizations, attempted to deprive opponents of their government jobs, subsidized the Negro press to ignore or attack 'the opposition,' successfully exerted pressure to prevent the



Two views of the Rockefeller Foundation, 1910.

election of radicals to high office in the Negro churches, and used his enormous influence with the philanthropists to divert funds away from educators who were inimical to him." By 1907, Washington had the Niagarans clearly beaten.

MANY OBSERVERS HAVE REMARKED upon the similarities between this schism at the outset of the century and the developments in the black movement during the '60s. Few have noted the parallel role of the great "philanthropic" foundations in weighing the balance of the conflict.

At the outset of the '60s, the NAACP and the Urban League were on the right wing of the civil rights movement. Financed by white wealth, they preached an accommodationist line and upheld the business values of the system. As Washington had, they denounced the militants and radicals. "Where the builders differ from the burners," remarked Whitney Young, director of the Rockefeller-financed Urban League, "is that we want to win victories within the framework of the system."

Young's remark was cited in a special Time essay on "Black Power and Black Pride" which appeared in December 1967. This was the third year of black uprisings in the United States and the second of the slogan "Black Power," which symbolized the new independence of the black movement from white influence—and restraint—and the program of self-reliance for black people. Four months later, Martin Luther King was assassinated, an event which put the quietus to nonviolent agitation and confrontation. The dynamic of organized political action passed to the militants who had coined the term "Black Power" and whose guiding figure was not the preacher Martin Luther King but the assassinated prophet Malcolm X.

What Malcolm recognized in 1964—that the black man had a stake in national liberation struggles against the white imperialist powers all over the world—became clear to others after the U.S.'s massive escalation of its intervention in Viet-Nam in 1965. One year to the day before his assassination, King had mounted the pulpit in New York's Riverside Church to denounce the American government as "the greatest

purveyor of violence in the world today," and to declare the black man's stake in opposing the war in Viet-Nam, in which "we are on the side of the wealthy and the secure while we create a hell for the poor." As King pointed out, Washington was ready to squander billions to preserve the status quo in Asia, but offered no more than pennies to modify and alleviate the suffering which their system caused at home; willing to spend \$350,000 to kill a single yellow peasant in Asia, but only \$54 to train a black laborer in the United States.

While King was gravitating towards a position of more serious confrontation with the system, Malcolm's disciples were explicitly identifying themselves with the revolutionary liberation movements of the Third World. In the summer of 1967, Stokely Carmichael appeared as the honored guest of the Tri-Continental Conference of revolutionary movements in Havana. The rhetoric was becoming anti-imperialist and anti-capitalist. ("Our enemy," Carmichael told the delegates, "is white Western imperialist society.") And meanwhile the cities were burning.

The first-line response to the militant black uprisings and organizations was of course the big stick of Law and Order, as the repression of SNCC and the Black Panther Party showed. But along with the frame-ups and police terror, a highly sophisticated program was being launched by forces of the status quo in the glass-enclosed New York headquarters of the \$3 billion Ford Foundation.

In 1966, McGeorge Bundy left his White House position as the top security manager for the American empire ("I have learned," he once told an interviewer, "that the United States is the engine and mankind is the train") to become president of the Ford Foundation. Bundy was an exponent of the sophisticated approach to the preservation of the international status quo. Rejecting what he called "either/or" politics, he advocated "counterinsurgency and the Peace Corps . . . an Alliance for Progress and unremitting opposition to Castro; in sum, the olive branch and the arrows." The arrows of course would be taken care of by the authorities, from the CIA and the American military to Mayor Daley, while the foundations were free to pursue the olive branch side. Since they were "private" and non-governmental, they could leave the task of repression to their friends in other agencies while they pursued a benevolent, enlightened course without apparent hypocrisy.

In the spring of the following year, the Foundation announced a half-million dollar grant to Kenneth Clark's newly organized and militant-sounding Metropolitan Applied Research Center (MARC), created "to pioneer in research and action in behalf of the powerless urban poor in Northern Metropolitan areas." MARC promptly named Roy Innis, chairman of the militant Harlem chapter of the Congress on Racial Equality (CORE), as its first civil rights "fellow-in-residence." Then on May 27, it sponsored a secret meeting of civil rights leaders (nine major groups were represented) which announced a joint effort to calm racial tension in the city of Cleveland.

Cleveland, coincidentally, had been since 1961 the scene of a major attempt on the part of the Ford Foundation and major economic interests in the area to cool racial tensions. These attempts had ended in failure, and Cleveland had erupted during the previous summer. The enlightened economic powers of the city were now backing a black man for mayor, as

a climax to their tepid campaign for an end to conflict. Now all eyes were on the November elections, and the candidacy of Carl Stokes, a Negro with what Time characterized as "moderate, constructive" programs and business backing. Cyrus Eaton, liberal lord of the greatest industrial fortune of the area, was backing Stokes, as were the electric power companies, who had an added incentive in that the candidate had promised to divest the city of its income-producing transit and electric systems and turn them over to private companies.

Into this situation trod the Ford Foundation, announcing on July 14 that it was giving \$175,000 to CORE for work in the Cleveland area, which included voter registration. CORE accepted the grant, and helped Stokes, a Democrat and supporter of the Viet-Nam war, win the election. This was quite a position for militants who at one time had talked of forming a third party and whose opposition to the war in Viet-Nam had predated that of Martin Luther King Jr. Robert Allen, a black activist, explains CORE's turnabout in this way: "In the first place, they needed money. Floyd McKissick in 1966 had become national director of an organization which was several hundred thousand dollars in debt, and his espousal of black power scared away potential financial supporters. Secondly, CORE's militant rhetoric but reformist definition of black power as simply black control of black communities appealed to Foundation officials who were seeking just those qualities in a black organization which hopefully could tame the ghettos. From the Foundation's point of view, old-style moderate leaders no longer exercised any real control, while genuine black radicals were too dangerous. CORE fit the bill because its talk about black revolution was believed to appeal to discontented blacks, while its program of achieving black power through massive injections of [white] governmental business and Foundation aid seemingly opened the way for continued corporate domination of black communities by means of a new black elite."

IN JULY 1967, A BLACK POWER conference was held in Newark, financed by 50 white corporations. Then at the end of the month, the most massive rebellion to date took place in the Motor City of Detroit, leaving 45 blacks dead and millions of dollars worth of property damage in its wake. On August 1, the day after troops left the city, 22 American leaders called on the nation to revise its priorities and bring more resources to bear on domestic problems, and announced the formation of an Urban Coalition to do just that. The Urban Coalition, headed by John Gardner, former secretary of Health, Education and Welfare and former president of the Carnegie Foundation, included moderate Negro leaders Roy Wilkins of the NAACP and Whitney Young of the National Urban League, as well as labor leaders, big city mayors and businessmen like David Rockefeller and Gerald Phillippe, chairman of the board of General Electric and trustee of the National Industrial Conference Board, a foundation-financed policy organization. The funds for the Urban Coalition were to be provided by the Rockefeller Brothers Fund Inc., the Carnegie Foundation and the Ford Foundation. Regional coalitions between labor, Negroes, businessmen and politicians were to be formed (the New York coalition was headed by Christian Herter Jr., vice president of Standard Oil of New York) and they were to work in close

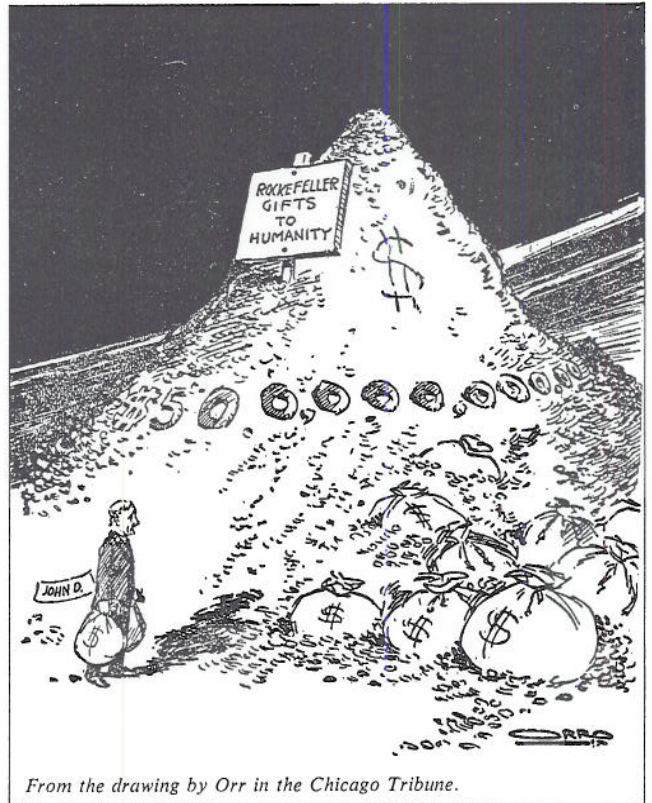
cooperation with the National Alliance of Businessmen, headed by Henry Ford II. Not surprisingly, the coalition placed primary emphasis not on massive income redistribution and federal reconstruction and rebuilding programs, but on the vigorous involvement of the private sector in the crises in the cities by commitment of investment, job training, hiring and "all other things that are necessary to the full employment of the free enterprise system, and also to its survival."

This basic strategy of salvation was echoed in the Report of the Special Advisory Commission on Civil Disorders (the Kerner Commission) which had been empowered by the President at the same time (July 27, 1967, in the wake of the Detroit insurrection) to look into the causes of riots and prescribe remedial action. "We conclude," declared the Commission report, "that maximum utilization of the tremendous capability of the American free enterprise system is a crucial element in any program for improving conditions, in both our urban centers and our rural poverty areas, which have brought us to the present crisis." The Commission also noted that more than 85 per cent of the current annual gross national product is attributable to the private business sector, but it failed to draw the obvious conclusion that if free enterprise has been "the mainspring of the national economy," it has also been the mainspring of an economy that has produced the poverty and blight which are at the source of the present crisis.

That the Kerner Commission should agree so heartily with the Urban Coalition is not surprising. The head of the Commission's Advisory Panel on Private Enterprise, which drew these conclusions, was Tex Thornton, chairman of the board of Litton Industries [see RAMPARTS, Nov. 30 and Dec. 14-28, 1968]. Thornton's right-hand man, Roy Ash, had represented Litton on the Urban Coalition. Similarly, Vice Chairman John Lindsay, Roy Wilkins and I. W. Abel of the Commission all doubled as members of the privately sponsored group.

While vigorously repressing—i.e., killing, jailing, framing, ostracizing—Black Power advocates for whom Black Power meant confrontation with the system and agitation for revolutionary change, the rich white establishment and its press began to promote recognition of the reasonable connotations which the term "Black Power" had in the mouths of "responsible militants." As the Wall Street Journal reported in July 1968, "Black Power" is being "newly defined in a way that may not be quite so frightening to the white man"—and particularly to Wall Street Journal readers. "What now seems to be happening in the tortuous history of race relations in America," commented the Journal, "is that the black man is coming of age." While maintaining that "extremist blacks, and their radical ideas must be purged," the Journal noted that "White America is the majority, and the new black leadership, while adopting more of a 'do-it-ourselves' stance, still does not want a complete break with the rest of America."

Black Power as self-help within the system, then, was the Journal's preferred interpretation, and it was pleased to find that the black organizations, which are heavily subsidized by Journal readers on the one hand and savagely repressed by the forces of law and order on the other, are coming around to this point of view: "What is really being said now, in different ways by different leaders, is that the black man is beginning to feel strong enough to rely more on himself and less on the white man. This new emphasis on



From the drawing by Orr in the Chicago Tribune.

self-help is, in a sense, a return to the turn-of-the-century philosophy of Booker T. Washington. . . ."

[NONPROFIT INSTITUTIONS AND PROFITABLE EMPIRES
IN ONE STATE AND THE WORLD]

IN 1911, THE AMERICAN TOBACCO TRUST, which had done for tobacco what Rockefeller did for oil, was "dissolved" by Supreme Court order. The founder of the trust, James Buchanan Duke, had been an admirer of Rockefeller, and two of the six men who controlled it were Rockefeller partners in Standard Oil. When Duke died in 1925, he left his fortune tied up in the Duke Endowment, a philanthropic foundation which is today worth more than \$600 million, the largest such institution after the big three of Ford, Rockefeller and Carnegie, and itself a microcosmic model of what such foundations are all about.

Duke's lawyers had spent ten years perfecting the indenture of his Endowment, which made Trinity College, in Durham, North Carolina, the principal beneficiary of the fund, on the condition that it change its name to Duke University, which it promptly did. The indenture also "recommended" that securities of the Duke Power Company be "the prime investment" of the Endowment (which today holds 68 per cent of the stock of Duke Power) and also stipulated that the trustees manage the Duke Power Company and the Doris Duke Trust (set up for the Duke heirs). To make the system airtight and perpetual, the indenture also provided that none of the holdings of the Endowment in Duke Power could be sold without the unanimous consent of the trustees—who were all affiliated with the company and associated tobacco, banking and legal interests, and among whom Doris Duke was to be a prominent

member. Furthermore, it was stipulated that the income of the Endowment had to be distributed, after Duke University received its share, in designated percentages to hospitals, colleges, "superannuated preachers, their widows or orphans," and rural Methodist churches and seminaries. All these recipients, according to the terms of the indenture, must be situated in areas of North and South Carolina served by Duke Power. "Thus," as Dwight MacDonald aptly observed, "the interests of Duke's heirs, his power company, his customers, his foundation and God (Methodist Church, South) are all cunningly knotted together." Or, as Duke himself is reported to have said just before he died: "What I mean is, I've got 'em fixed so they won't bother it after I'm gone."

What Duke had sewed up, of course, was more than mere *income*—a secondary consideration at those stratospheric levels ("What," Governor Rockefeller is reputed to have once asked an aide, "is 'take-home' pay?"). He had set his seal to a system of *power*, based on concentrated wealth. To this day, the Duke system is not only interlocked with former companies of the dissolved trust (for example, R. J. Reynolds, the number-one tobacco producer) and with non-Duke major economic interests in the area, but with the New York financial matrix as well. Thus the chairman of the Duke Endowment is also on the executive committee of the board of directors of Morgan Guaranty and is a director of General Motors and the Penn-Central Railroad. Political power in North Carolina, according to Professor V. O. Key, the leading authority on the subject, is in the hands of a tight economic oligarchy, which naturally includes the institutional trust system that "Buck" Duke left behind. But then private government is the essence of the foundation system.

Not everyone would agree. Dwight MacDonald, for example, contrasts the "narrow" conception of the Duke Endowment with that of the Rockefeller, Ford and Carnegie Foundations. To be sure, the operations of the Rockefeller Foundation, for example, stretch far beyond the environs of New York, New Jersey, or even the 50 states. But then oil has more widely dispersed sources of profit and supply than tobacco: two-thirds of Jersey Standard's net income is derived from operations in 52 countries overseas. Moreover, as the energy source of modern industry, oil has a vastly more significant role to play in contemporary society and international politics. As one State Department official categorically observed in 1945, "A review of the diplomatic history of the past 35 years will show that petroleum has historically played a larger part in the external relations of the United States than any other commodity."

One can readily appreciate why the Rockefeller Foundation, with more than half of its income flowing from the Standard Oil companies, should spend fully 75 per cent of its revenue on the creation of elites, modernization of infrastructures and purchases of goodwill overseas. In 1966, for example, the Foundation spent a million dollars on higher education and elite training in Nigeria, or about *ten times* the amount of its grants in Arkansas, Mississippi, Missouri, Virginia, West Virginia and South Carolina combined. A cynic might observe that the difference between the local and overseas underdeveloped regions is that Nigeria is scheduled to become the biggest oil producing region after the Middle East, and the danger of a nationalist-oriented elite emerging to threaten the oil privileges of various corporations, including

the Standard Oil Companies of New York and California, is very real.

In any case, the concerned interest of the Big Three Foundations is in the international "responsibilities" of American power. This is evident in the prominence on their boards of financiers and industrialists reflecting those businesses with by far the largest stake in the overseas economic frontier. The most important international bank, the Rockefellers' Chase Manhattan, has been prominently represented on both the Ford and Rockefeller Foundation boards. The ubiquitous John J. McCloy, once chairman of the board of Chase and the second president of the so-called World Bank, one of the key institutions in managing the expansion of U.S. private enterprise in the underdeveloped world, was one of the key figures in setting up the Ford Foundation after the transfer of Ford Motor stock, and he became chairman of the board of the Foundation. Another dual trustee is Eugene Black, also a former president of the World Bank and also a director of Chase and trustee of the Ford Foundation.

Equally well represented with Chase is the Standard Oil Company itself (whose directors, naturally, also have regular seats on Chase). John Foster Dulles, long-time attorney for Standard Oil, was chairman of the board of the Rockefeller Foundation, while Arthur H. Dean, Dulles' law partner, has been a prominent Carnegie trustee, as Grayson Kirk has been of Standard Oil of New York (Socony Mobil). There are of course two Fords on the Ford Foundation, and naturally John D. Rockefeller III occupies a central position in the Rockefeller philanthropy. The circle becomes complete, as one might expect, when David Rockefeller, president of the Chase Manhattan Bank, sits on the board of the Carnegie Endowment for International Peace, while Morris Hadley, McCloy's law partner, is in the Carnegie Corporation.

There is a point to the intermarriages. These are no longer family trusts, but class institutions; they are conscious not merely of parochial economic interest but of the necessity of preserving a total social system, international in scope, on which their wealth, power, prestige—in a word, their whole way of life—depends.

OF COURSE THE CHIEF GUARDIAN of the international economic frontier (and the rights of Chase Manhattan and Standard Oil abroad) is the U.S. government in Washington. Naturally the sights of the stewards of wealth are pointed in that direction, with the idea of shaping the ends and instruments of foreign policy. We live, however, in a pluralist democracy composed of an infinite number of competing interest groups, in which no collective or class dominates and where the self-interest of each is transformed via the matrix of competition into the interest of all—or so our leading social scientists, liberally financed by the Rockefeller, Ford and Carnegie Foundations, tell us. The unsophisticated and unbenefacted layman may retain the suspicion that a select few of these interest groups are more equal than others.

Take the AFL-CIO and the Rockefeller Foundation, two prominent organizations on the American scene. The AFL-CIO has 16 million members who make up the bulk of the most politically conscious working people in the country, from steelworkers to social workers, from printers to teachers. Its members pay the bulk of the individual income taxes that

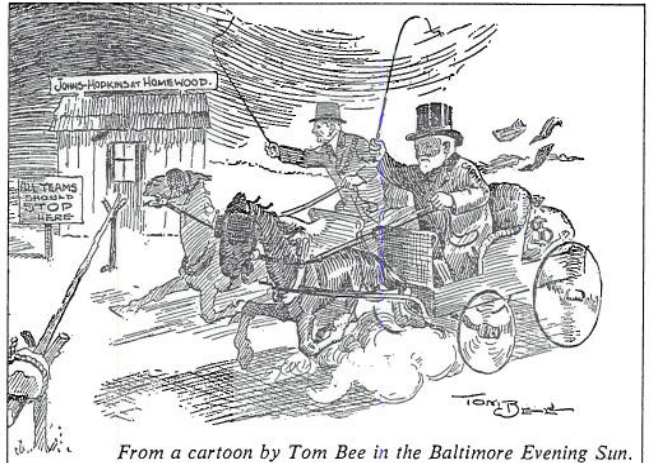
go to support the various activities of the federal government: while many millionaires pay no taxes at all, 61 per cent of all individual federal income tax is paid by people with annual incomes of less than \$15,000. These people also provide the bulk of the young sons who go off to fight on the overseas frontier. Yet in the history of pluralist America since the New Deal, only one union official has been graced with the privilege—and influence—of a post in the U.S. Cabinet. This honor went to Martin Durkin, who was made secretary of Labor in the first Eisenhower Administration and who attained fame by resigning a few months later because he could find no points of social or intellectual contact with the other members of Ike's "Cadillac Cabinet."

The Rockefeller Foundation is a somewhat more exclusive club than the AFL-CIO, with a staff of less than 250 persons, the most important of whom generally belong to the upper echelons of the American social structure and hence pay considerably less taxes, lay down far fewer lives and are related to an infinitely smaller cross-section of the American people than are the members of the AFL-CIO. Yet the Rockefeller Foundation, in the open competition of pluralist interest groups, has found fortune standing consistently in its corner.

Trustees of the Rockefeller Foundation have been appointed to major cabinet posts in every administration since Truman (in addition to several important undersecretaryships), including secretary of Defense, secretary of the Treasury, and two secretaries of State. (They have done less well with Nixon, garnering only secretary of Agriculture.) Once having gotten to Washington, moreover, they have tended to stay. John Foster Dulles, the Foundation's chairman from 1950 to 1952, completed seven years of an eight-year term as secretary of State, being removed only by death, while his protégé, Dean Rusk, president of the Foundation from 1952 to 1961, filled out a full eight years in office. With opportunities for power like that, it is no wonder that the Rockefeller Foundation is organized more as an institution for mobilizing, training and offering a base to elites, than as a charitable institution, and that it spent half as much on administrative expenses in its plush New York office alone as it gave out in grants in the entire United States in the year 1966.

The foundations, however, are only the beginning, the base of the network of organizations through which the nerve centers of wealth impress their will on Washington. This network, the ganglia of foundation intelligence, is composed of a panoply of "independent" research and policy organizations, jointly financed and staffed by the foundations and the corporate community, which as a group set the terms and define the horizon of choice for the long-range policies of the U.S. government. Among these, the most extraordinary, influential and publicity-shy is the Council on Foreign Relations.

FORMED IN 1921 AS THE RESULT of a merger between "a New York gentlemen's club" and a floundering institute that had been set up by a group from the U.S. delegation to the Paris Peace talks after World War I, the Council on Foreign Relations (CFR) was eventually to assume a uniquely influential role in long-range foreign policy planning, and the education of policy makers in Washington. The Council has only 1400 members (women and aliens are excluded) who meet in study groups and work out



From a cartoon by Tom Bee in the Baltimore Evening Sun.

The Race to Poverty: Rockefeller and Carnegie shown as rivals in philanthropy.

policy problems and positions. Businessmen (of the Wall Street variety) form the base of the membership, and it is their class interest which naturally informs the product of the collective brainstorming. The brains are supplied by high foreign policy officials, and a few selected academics. The educational value of its program for slow-learning officials has been described by one of its members: "Whatever General Eisenhower knows about economics, he learned at the study group meetings [in 1949]. . . . Eisenhower came with a vague predilection in favor of building up Europe. When he left, European aid was a ruling conviction."

A different kind of product of the Council system is Henry A. Kissinger, reputed by authorities from James Reston to Time to be the future McGeorge Bundy of the Nixon Administration, the brain of its foreign policy operations. (A "mandate to superintend the President's entire domestic program" goes to another CFR member, Arthur F. Burns.) Kissinger began his career in intelligence during the Second World War. He then went to Harvard, where he was a student of Bundy (who in addition to being a CFR member and protégé of Henry Stimson, is a scion of an old United Fruit Company family).

In 1954, Kissinger ran a group at Harvard called the Harvard International Seminar, which was partially subsidized by the CIA. In 1956, he was hired by Nelson Rockefeller as director of special Rockefeller Brothers Fund studies (he was Rockefeller's foreign policy advisor in the 1968 campaign). In 1957, Kissinger published a book, *Nuclear Weapons and Foreign Policy*, whose critique of Eisenhower's defense policy echoed the criticisms and recommendations voiced in the Rockefeller Panel and Gaither (Ford Foundation) Reports, which were released about the same time and eventually became incorporated in the policy perspectives of the Kennedy Administration (to which Kissinger was also an advisor). Kissinger's book was the product of a Council on Foreign Relations study group which reflects the makeup of these educational sessions. The study group included several top generals; a former CIA chief; two former secretaries in the defense establishment; his old teacher McGeorge Bundy; the president of the Carnegie Institution in Washington; William A. M. Burden, director of both Lockheed and Manufacturers Hanover Trust; and David Rockefeller.

Nor was Kissinger's the only set of key brains integrated with power in this way. Both McGeorge Bundy and his successor, W. W. Rostow, were men who had their conceptions shaped, molded and certified by the CFR and related institutions. Nor are these isolated cases. As Theodore White reported in his *The Making of the President, 1964*: "Among the first 82 names on a list prepared for John F. Kennedy for staffing his State Department, at least 63 were members of the Council, Republicans and Democrats alike. When he finally made his appointments, both his secretary of State (Rusk, Democrat) and of Treasury (Dillon, Republican) were chosen from Council members; so were seven assistant and undersecretaries of State, four senior members of Defense (deputy secretary of Defense, comptroller, assistant secretary for International Security Affairs, assistant secretary for Manpower) as well as two members of the White House staff (Schlesinger, Democrat; Bundy, Republican)."

The Council is financed by dues, by corporate contributors, by proceeds from its publication, Foreign Affairs, and by grants from the foundations, mainly Rockefeller, Ford, and Carnegie. The majority of the trustees of the foundations are CFR members. In 1946, at the outset of the Cold War, the president of the Council was Allen W. Dulles, lawyer for Standard Oil, United Fruit Company director, Carnegie Foundation trustee and future director of the CIA. The chairman of the board was R. C. Leffingwell, Morgan partner (Morgan was the most important U.S. bank up to that time, with the most extensive and important overseas operations and interests) and finance committee chairman of the Carnegie Foundation. Twenty years later these two posts were held by Grayson Kirk (Socony Mobil) and John J. McCloy. CFR vice president was David Rockefeller.

The Council on Foreign Relations' first assumption of a dominant position in the shaping of American foreign policy can be dated from the time of America's active assumption of a world leadership role, with its entry into the Second World War. When the war started, one of the most distinguished and respected lights of the Council, Henry Stimson, went to Washington as secretary of War. He took with him as assistant secretary another council member, John J. McCloy. And according to McCloy, "Whenever we needed a man, we thumbed through the roll of Council members and put through a call to New York."

If the Council played a considerable role in wartime planning, its Cold War role was to be even greater. As Joseph Kraft (a CFR member) has put it, "The Council provided for the U.S. government the first organized framework for postwar planning. Less than a fortnight after the guns began pounding in Europe, and a full two years before Pearl Harbor," the two key administrative officers of the Council "journeyed to Washington with a proposition. [The State Department] lacked the appropriations to set up a planning division. . . . Why not, they asked, let the Council begin the work, privately, with the understanding that its apparatus would be turned over to State as soon as feasible?"

"Secretary [of State] Hull was in favor. Accordingly, in December 1939, the Council, with financial aid from the Rockefeller Foundation, established . . . four planning groups. . . . In 1942, the whole apparatus, with most of the personnel, was taken into the State Department as the nub of its Advisory Committee on Postwar Planning Problems."

Appropriately, when in 1945 it came time to set up the postwar world, the Council was there to lend a hand. Fully 40 members of the official U.S. delegation of the founding meeting of the United Nations were Council members: Edward R. Stettinius, a Morgan partner and secretary of State; John J. McCloy, assistant secretary of War; Nelson Rockefeller, assistant secretary of State for Latin American Affairs; and John Foster Dulles, Republican spokesman on foreign policy. When the Cold War became official in 1947, it was another Council member, George F. Kennan, director of the State Department's Policy Planning Staff, who in the famous article signed "X" presented (in the Council journal, Foreign Affairs), the so-called "containment" policy around which America's Cold War programs were to revolve for the next 20 years. As the New York Times put it, the Council "set American policy guidelines for NATO," the lynch pin of the containment program.

THE COUNCIL ON FOREIGN RELATIONS is not the only organization which functions as a crucible of policy formulation on behalf of the corporate ruling class. In addition to the CFR, the foundation/corporation complex has set up and directs the Brookings Institution, the National Bureau of Economic Research, the National Planning Association, the Foreign Policy Association, the Twentieth Century Fund, the National Industrial Conference Board and the Committee for Economic Development, as well as a whole bevy of institutions inside the universities, like the Russian Research Centers at Columbia (Rockefeller) and Harvard (Ford and Carnegie) and the Center for International Studies at MIT (CIA, Carnegie and Ford).

As Philip Mosely, director of studies of the CFR, observed in a recent article, the foundations have been primarily responsible for the availability of academic research and scholarship to government (and of course for choosing which representatives of the academy shall gain this access). Is it area studies that the government needs? These are available through the university institutes, initiated and funded in their formative periods by the Rockefeller and Ford Foundations. According to one foundation authority, Ford, Rockefeller and Carnegie money is responsible for virtually all non-Western studies in the universities. Does the government need policy studies? The Council on Foreign Relations, the Brookings Institution and the Committee on Economic Development would be happy to provide them. Strategic studies? There's always the RAND Corporation (which got its start as an independent research corporation through the Ford Foundation) and its progeny, the Stanford Research Institute, the Institute for Defense Analysis and others—all presided over, shaped and generally originated by the corporate elite which circulates from industry to philanthropy to government with infinite elegance and ease.

Part Two of this article tells the story of how the great foundations shape the system of higher education in America and set out to create the Brain Trust of a New Rome.

Researchers for this story included Robert Cunningham and Harvey Cohen.
