

# TAX-EXEMPT FOUNDATIONS

WEDNESDAY, JUNE 9, 1954

HOUSE OF REPRESENTATIVES,  
SPECIAL COMMITTEE TO INVESTIGATE  
TAX-EXEMPT FOUNDATIONS,  
*Washington, D. C.*

The special committee met at 10 a. m., pursuant to recess, in room 304, House Office Building, Hon. Carroll Reece (chairman of the special committee) presiding.

Present: Representatives Reece, Goodwin, Hays, and Pfost

Also present: Rene A. Wormser, general counsel; Arnold T. Koch, associate counsel; Norman Dodd, research director; Kathryn Casey, legal analyst; John Marshall, chief clerk.

The CHAIRMAN. The committee will come to order.

Mr. Koch.

Mr. KOCH. Mr. McNiece would like to continue.

The CHAIRMAN. You may proceed. The oath is continuing during the course of the proceedings.

Mr. KOCH. That is right. May he continue reading his supplement before we ask him questions, or would you rather ask him questions with respect to his first installment?

Mr. HAYS. I have a few more questions I would like to ask. It seems we have left enough things hanging in midair.

Mr. KOCH. Very well.

## TESTIMONY OF THOMAS M. McNIECE, ASSISTANT RESEARCH DIRECTOR, SPECIAL COMMITTEE TO INVESTIGATE TAX-EXEMPT FOUNDATIONS—Resumed

Mr. HAYS. On your first report, Mr. McNiece, on page 9, you talk, near the bottom of the page, about centralized places, which seems to imply that somebody had a motive or desire to plot this thing. Do you have any specific evidence of that?

Mr. McNIECE. I don't at the moment find the item.

Mr. HAYS. It is in the last paragraph down about the fifth line: "It does, however, seem to confirm"——

Mr. McNIECE. I have it. The excerpts from the final report from the American Council of Learned Societies, plus the evidence which continues on through on the influence of the Social Science Research Council and the American Council of Learned Societies in preparing a directory, if I may call it that, of men qualified to advise Government in its various fields. I take that as evidence of the flow of what might be called a central or main stream of influence. I believe it is in this next and short section of my report that I mention, merely as

factual evidence, the number of people from the field of social science who are employed, at least in part, by Government today. That is, we have letters in which they advise us of the names of those people and the fields of work in which they are occupied.

Mr. HAYS. What do you read into that? The Government has need apparently for these people. Where would you more logically turn than to these societies who would have lists of people?

Mr. McNIECE. I am not in any way questioning either the need or the source, except as it comes from a firm and compact group of what might be called, and has been referred to here, as the intellectual elite. They might be defined by another term as the mental aristocrats. I believe all of the testimony that has been given here, and without any attempt on the part of any of us to tie in the testimony of the various professors that have appeared here, seems to indicate the same thing, that there is, let me call it, a preferred group which is called upon for advice. It is a highly concentrated corps, I think. I used the term in my previous appearance on the stand.

Mr. HAYS. If you were doing the calling, you would call upon the best brains you could get, would you not? You don't mean to put some term of opprobrium by calling them the intellectual elite?

Mr. McNIECE. No, but neither would I know how to define best brains. I would call on people in my judgment that would be fitted for that. I am not doing the calling. The Government is doing that.

Mr. HAYS. I understand that, but if you were doing the calling, and you had to find somebody in a certain field, we will say social science or for that matter any exact scientific field, how would you go about finding them?

Mr. McNIECE. The first thing I would do is to look into their background and training and find the particular types of views held or expounded before I would do anything else. I take it here that Government does not do that, but relies upon the recommendations of the very central group to which I have referred previously. That was the very purpose of the \$65,000 grant in total made by the Rockefeller Foundation. That apparently is accepted as final by the Government. I have to assume that. I do not know it. But that was the purpose of organizing the list.

Mr. HAYS. What was the purpose again in organizing the list?

Mr. McNIECE. As I have stated previously, the purpose was to supply a list of individuals qualified in the judgment, and I don't say this in a disparaging way, of the intellectual group from which this list emanated.

Mr. HAYS. Maybe I am being a little thick at this point, as the Irish put it, but I don't see anything wrong with the Learned Society or the Historical Association or the Society of American Chemists, or anybody else furnishing a list of qualified people.

The CHAIRMAN. Would you permit an interjection there?

Mr. HAYS. Yes.

The CHAIRMAN. We have in the United States the colleges and universities which, while large in number, are very accessible to be advised about the requirements of Government. While there is nothing wrong in asking one of the societies to furnish a list of names, as I see it, do we not know from practical experience that when a council such as the Council of Learned Societies is put in the position of furnishing a list of scholars to advise the Government, that list will be pretty

much the recommendation of the man who happens to be administrative officer of the council that makes up and supplies the list. Insofar as that is the case, that puts in the hands of one man a tremendous influence. If he happens to be a man that has certain inclinations, he is in a position to give very wide effect in those inclinations, if he is put in a position where he furnishes the list of the experts the Government calls into the service as advisers. That is the angle that I see that becomes, to my mind, Mr. Hays, very important.

It is the concentration not only in one organization, but ultimately largely in the hands of one man.

Mr. HAYS. Of course, theoretically that could happen, but if you want to carry that theoretical idea out to its ultimate conclusion, it could happen in the university in the case of whoever is the executive officer there. Or if you want an even greater illustration of one man picking and choosing, how about the President? He has the power to appoint literally thousands of people. Theoretically he does it himself. But actually in practice, it is the culmination of a lot of recommendations.

I would guess, without knowing and having any evidence offered to the contrary, that in these various organizations they operate the same way.

Do you have any evidence, Mr. McNiece, that one individual in the American Council of Learned Societies is in control of this whole thing, or is it the thought of a group of men or officers?

Mr. MCNIECE. It is both. By the time I have finished with my testimony, I think the answer to your question should be a little more obvious, because we can take the end results and draw certain conclusions from them.

I have said in the sentence immediately prior to the one you quoted: In itself there should be no criticism of this objective.

In other words, I start out with that premise. It is the end results that cause us to raise some questions. We have not touched the end results as yet as they affect this side of the triangle.

Mr. HAYS. You are going to bring in some conclusive facts later on of something bad in the end result? If you are, I will defer any questioning along that line.

Mr. MCNIECE. All right. I had not expected to do it at this moment. As a matter of fact, I was not sure I would do it at all. But here is a quotation which I might insert. It does not appear in any of my studies.

When we see a lot of framed timbers, different proportions of which we know have been gotten out at different times and places and by different workmen, and when we see those timbers joined together and see that they exactly make the frame of a house or a mill, all the tenons and mortises exactly fitting, and all the length and proportions of the different pieces exactly adapted to their respective places, and not a piece too many or too few, in such a case we find it impossible not to believe that all understood one another from the beginning and all worked upon a common plan or draft drawn up before the first blow was struck.

That is from Abraham Lincoln in a talk made in 1858. It has been certified to us by the Legislative Reference Division of the Congressional Library which can give you further details on it if you are interested.

Mr. HAYS. I assume you are saying now that you are comparing this to the framework of a building, and saying all these people who

are furnished the Government by these different societies, their thinking dovetails and fits together perfectly.

Mr. McNIECE. I hope to show you in the small manuscript portion of this talk what we consider to be the predominating influence to cover the listing of suggestions made which we have taken solely out of governmental publications.

Mr. HAYS. Mr. McNiece, don't you think the way to find that out, instead of relying—and I am sure you are sincere—or something you say is to call in some of these people and examine them and find out if their thinking dovetails?

We have a rather striking example here. You have had four professors that you people have found in your months of research that you thought would pretty well, I suppose, exemplify what you wanted to bring out. I am finding no fault with that. But even those four—I would assume they were pretty carefully selected—have testified at variance on various things. Their thinking did not dovetail.

The CHAIRMAN. You did not intend to say, if I may interject, that all the thinking dovetails. What you meant to say, I would assume, is a preponderance.

Mr. McNIECE. That is right.

The CHAIRMAN. If I may follow through on the observation I made, about the concentration in one place of this power or authority or however it might be described, to make recommendations for advisers to the Government, on a very broad basis, I referred to the fact that if it happened that the administrative officer of the society that made the recommendation happened to be a man of certain inclinations, it might become dangerous. If, for instance, that man happened to be one of a Fascist inclination, his disposition, of course, would be to recommend people that represented his line of thinking, with the result that we would get in the Government, unless they were very carefully screened by the appointing authority, a preponderance of people that had a Fascist type of thinking.

This administrative officer of one of these societies is a man that has no public responsibility, not like the President or a Cabinet officer, whom we know and who do have public responsibility. Nor, like the president of a college, who is identified in the public mind, and to a very large degree is held responsible not only by the board of trustees, but particularly by the alumnae of the institution, as well as a very wide segment of the public. That is quite different from some man that is ensconced in the office of a learned society that is in a building downtown here. At least I see a very wide difference. Insofar as there is a disposition to concentrate into one or a few places—it probably should not be described as authority to recommend—the privilege of recommending people for Government consultants, I would have quite a serious question in my mind about it.

Mr. HAYS. Let me read to you a quotation I have found here and see if you agree that it is along the line of some that you have read. I will read it and then I will hand it to you if you want to look at it.

But all agree that there can be no question whatever that some remedy must be found, and quickly found, for the misery and wretchedness which press so heavily at the moment on a very large majority of the poor.

This was written some years ago, and not as of the present.

The ancient workmen's guilds were destroyed in the last century and no other organization took their place. Public institutions and the laws have repudiated the ancient religion. Hence by degrees it has come to pass that workingmen have been given over, isolated and defenseless, to the callousness of employers and

the greed of unrestrained competition. And to this must be added the custom of working by contract and the concentration of so many branches of trade in the hands of a few individuals so that a small number of the very rich have been able to lay upon the masses of the poor a yoke little better than slavery itself.

What would you say about that? Do you want to look at it?

Mr. McNIECE. I would like to see it.

The CHAIRMAN. All I can say is, while he is looking that over—and that goes back to describing an individual—there is no Member of Congress, nobody in this room, and but few people in Washington who come from a family where they had greater difficulty rearing their children than I did. What I want to preserve in this country is the same economic circumstances that enabled my father who started out with \$100, a horse, and a sidesaddle, to rear a family of 13 children, all of them graduated from high school, most of them graduated from college, none of them probably very successful in material goods, but all able to take their positions in society.

I am not quite sure what the economic forces and factors are that enabled my father to do that, but whatever they are, insofar as I am able to find them, I want to preserve them.

That is more or less my economic philosophy, and is pretty much my guide. Whether I am a middle-of-the-roader, a liberal, a free-wheeler, or a conservative, I think I have exactly the same thinking that I had when my mother gave me the last \$2 she had when I started off to college, where I was able to make my own way. I do not think my economic philosophy has changed any at all over all these years.

Mr. HAYS. Mr. Chairman, I think we can all endorse that as a very worthy objective, and I think perhaps some of us would even like to expand so that even more people will be able to do that.

The CHAIRMAN. I think that we have had a system where if a great urge existed people had been able to do that to a degree that does not prevail in any country on earth. That is why our people have been carried farther and faster up the road of progress, and attained the standard of living that has never been attained by any people anywhere at any time.

Mr. HAYS. If we are going to debate this a little bit and leave my quotation alone, I might say to you that I think perhaps statistics will show, if it not too empirical, that there are a bigger percentage of boys and girls in America going to college today than ever before. So perhaps the very thing that some of these witnesses have been condemning is the thing that is bringing about the conditions that both you and I seem to want, Mr. Chairman.

Now, can we go back to my little quotation.

Mr. McNIECE. I should be very glad to go back to this. My own appraisal is that it is a purely emotional product without one word or substance of proof. It might have been written—it is not dated—100 or 125 years ago. I have no means of knowing that. But there is a great deal of false emotional propaganda, if I may use the term, put out from many quarters on such things as this. The National Bureau of Economic Research in collaboration, I believe, with the Department of the Census, every once in a while turns out an estimate—I say every once in a while, because it is not annual—of the total wealth of this country. That is wealth of all forms—stocks, bonds, farms, buildings, everything. If we divide the estimate of that total wealth by the population of the country, we find that if the

communistic or socialistic idea were fully realized with respect to the disposition of capitalistic assets, that the individual share in that would be something over \$3,000. The family's share of the total wealth of the country will be something less than a Congressman's salary for 1 year. That is not going to take anybody very far if the collectivistic ideals are attained.

Mr. HAYS. Would you say that would be tending toward that ultimate objective, that little statement there, would it help to push it along?

Mr. McNIECE. This statement [indicating]?

Mr. HAYS. Yes.

Mr. McNIECE. I would certainly assume that is what they are driving at when they talk about the concentration of wealth, concentration of many branches of trade in the hands of a few individuals. That is scarcely in accord with our Government's own record on the census of distribution and census of manufacturers.

Mr. HAYS. Let me read your another one.

The CHAIRMAN. Has that quotation been identified yet?

Mr. HAYS. I will identify it in a minute.

Every effort must therefore be made that fathers of families receive a wage sufficient to meet adequate ordinary domestic needs.

I would assume that the writer means the Government or somebody to do that. I will let you look at this.

If in the present state of society this is not always feasible, social justice demands that reforms be introduced without delay which will guarantee every adult workingman just such a wage. In this connection we might utter a word of praise for various systems devised and attempted in practice by which an increased wage is paid in view of increased family burdens and a special provision made for special needs.

Would you call that socialistic?

The CHAIRMAN. That sounds like the President.

Mr. HAYS. It is not. I would not want to quote any of President Hoover's remarks without identifying them.

The CHAIRMAN. With one change I would see no serious objection to that.

Mr. HAYS. Let Mr. McNiece say what he thinks.

The CHAIRMAN. If you put the word "opportunity" in front of one of those adjectives.

Mr. McNIECE. From my examination over a period of quite a number of years, I would say the workmen of the country are being paid for the most part, particularly if it is in accordance with their productive ability, in amounts perfectly ample to support their families. The statistics indicate that. There have been many false statements made, according to what I have read in the papers, by certain leaders in the field of labor. The reason I say false statements is because they have claimed that wages have not kept pace with the cost of living. Wages have kept pace with the cost of living and more than that.

Years ago, at a conference at Williamstown, information was brought out and testimony was introduced that after every depression, within the period of statistics that were ample to support the conclusion, workmen emerged with a net gain in real wages. I do not believe there is any doubt of that. That was brought out at that time. I was not present, but I read the proceedings. There was no dissent taken from the findings of the study of the man who presented it.

We need to have a little more information of what is going on, and factual information, and pay less attention to claims of leaders and others who get a great deal of publicity, claims that are not supported by the facts.

Mr. HAYS. I have just one more, and these are all from the same volume. I would like to comment specifically on this one:

For the effect of civil change and revolution has been to divide society into two widely different castes. On the one side there is the party which holds the power because it holds the wealth, which has in its grasp all labor and all trade, which manipulates for its own benefit and purposes all the sources of supply and which is powerfully represented in the councils of the state itself. On the other side there is the needy and powerless multitude, sore and suffering, always ready for disturbance. If working people can be encouraged to look forward to obtaining a share in the land, the result will be that the gulf between vast wealth and deep poverty will be bridged over, and the two orders will be brought nearer together.

Mr. McNIECE. Commenting for a moment, before making a reading of this, the share of the land reference reminds me very much of one of the paragraphs quoted from the findings of the Committee on Social Studies, as supported by the Carnegie Foundation and the American Historical Association.

Mr. HAYS. I gather you disapprove of that, is that right?

Mr. McNIECE. Because I disapprove of communistic and collectivistic tendencies. All of these—I do not know your source—are closely comparable to Communist literature that I have read. The objectives cited parallel very closely communistic ideals or socialistic ideals. If working people can be encouraged to look forward to obtaining a share in the land—in the smaller areas—I should say rather—in the areas of less concentrated population, I know from first-hand information that it is the desire and the attained objective of many workmen to own their own properties.

I distinctly remember reading in the papers—that is my only authority for it—that at one time some of the labor union leaders were advising their workmen not to become property owners, because that tended to stabilize them and make them more dependent on local conditions. I don't know how you would reconcile the divergent points of view.

Mr. HAYS. If you are through with those, I would like to have them back so I can identify them.

The first and last were from the encyclical of Pope Leo XIII on labor. The middle was from the encyclical of Pope Pius XI.

You have given a very practical demonstration, Mr. McNiece, of the danger of lifting a sentence or paragraph out of context, because you have clearly labeled these as being in conformity with the communistic literature that you have read.

Mr. McNIECE. Yes, and I repeat that. I am not familiar with literature of the source you described, but I have been told that other encyclicals have completely endorsed and defended, to use the phrase which you have used a number of times, *laissez faire*.

Mr. HAYS. If you read the whole thing, they condemn very pronouncedly socialism and communism. But the Popes both condemned some of the conditions that were existing at that time. I don't think you will disagree with me, and I am not a Catholic—I may say that—that the Catholic Church has been one of the bulwarks against communism in the world, and one of the organizations which has fought against it as any organization I know of. So you would not want to call the church communistic, would you?

Mr. McNIECE. I am not calling the church communistic. I am not taking any part in a discussion of religion and the attributes of the various groups.

Mr. HAYS. Do you admit now that there is a danger in doing just what has been done before this committee over and over again, that the kind of evidence that has been offered, of lifting a paragraph out and saying this proves a point does not necessarily prove anything?

Mr. McNIECE. I tried to make my position very clear in my initial statement on that particular point. I said the excerpts had been chosen very carefully in an effort not to misrepresent context. I suggested that all references were fully given and if anyone wished to question the validity of the reference with respect to the points made, he could consult the original source.

Mr. HAYS. The only original source that I have had a chance to consult and read almost in its entirety was the one which Mr. Sargent quickly repudiated when I began to read some paragraphs he did not like. One book he quoted.

Mr. McNIECE. Which book is that?

Mr. HAYS. Only Yesterday, in which he picked a paragraph out and said this proved a point he wanted to make. He later said he didn't buy the whole book. I think you were perhaps here at the time.

Mr. McNIECE. I happened to be personally acquainted and a neighbor of Frederick Lewis Allen, the author of that book, and I had a number of discussions with him. It is not pertinent to this discussion or this hearing or I would tell you some amusing features and things that happened to him, from a first-hand discussion with him. That was one of the first books he had written. He told me that he had learned something and that was that he would have to be pretty careful on any future books he wrote, because he made quite a number of errors.

Mr. HAYS. I would probably agree from scanning the book myself that there is considerable error. Again that proves the point I am trying to make, that you can't lift a paragraph out of context and say this proves anything.

Mr. McNIECE. In connection with that particular paragraph, though, I happen to be able to offer again first-hand testimony, because I was stationed in Cleveland at that particular time, and I personally on orders attended a number of meetings of the type at which conclusions which he mentioned were reached. I can tell you from first-hand knowledge that the common discussion of those meetings of that time was on the culmination of "the day." At that time, and the time of which Frederick Lewis Allen wrote, it was the common hope in those circles that very soon the day of revolution, similar to what had very recently occurred in Russia, would appear.

Mr. HAYS. Were you sitting in on these plots?

Mr. McNIECE. Absolutely.

Mr. HAYS. Were you in favor of revolution at that time?

Mr. McNIECE. Definitely not. I was there under orders emanating from the Federal Building in Cleveland. One of the men even discussed with me the fact that certain leaders in the city of Toledo had been marked to go down when the day came.

On the May Day parades, for which they had permission, that group used to carry their little red banners on bamboo sticks as flag staffs. One particular year they appeared with their little red banners on indoor baseball bats, which was rather suggestive.



Mr. HAYS. That time came and went without any revolution, didn't it, Mr. McNiece?

Mr. McNIECE. Of that type.

Mr. HAYS. But you do think that there was an undesirable social revolution of some kind or another?

Mr. McNIECE. In process.

Mr. HAYS. Still going on?

Mr. McNIECE. Yes.

Mr. HAYS. That leads me to a very interesting thing that we started to pursue the other day. In fact, we touched on it a few times. In the event of a serious depression in this country, and we all hope we don't have one, but we have had them in the past, would you recommend that the Government adopt a laissez-faire attitude and take hands off and let the thing run its course?

Mr. McNIECE. No. I have covered that point in the last section of my testimony, that is the economic and the Government interest.

Mr. HAYS. What would you suggest that the Government do?

The CHAIRMAN. May I interject that it is going so far afield. We are not outlining a pattern of conduct during the—

Mr. HAYS. No, but we are criticizing the conduct of the Government, and I would like to have some alternatives.

The CHAIRMAN. I do not understand we are criticizing the Government.

Mr. HAYS. Have you read this empirical document here?

The CHAIRMAN. There is no such intention. I don't think it makes much difference to the Government what this committee or Mr. McNiece thinks of what should be done in the case of a depression in the future.

Mr. HAYS. In the third paragraph—if you don't mind jumping ahead—he said:

Among these is the increasing participation of the Federal Government \* \* \* in subsidization of agriculture, scientific research, wage control, mortgage insurance and other activities. Most, if not all, of these were politically conceived and depression born. They represent new ventures in our Government activities.

As I read on, it is critical that the Government goes into that. Did you mean to be critical?

Mr. McNIECE. Prior to that in this section which I have not read, you will find the origin for the adoption of the suggestions by the Government in those activities, and that is why they are mentioned in this way from the section of the report you quoted.

Mr. HAYS. You are saying that somebody sort of talked the Government into this, and it would have been better if they had not done it. Isn't that what you mean to imply?

Mr. McNIECE. Yes. I told you in the beginning, and it is recorded in the early part of this investigative work, which is purely factual—we emphasized the fact that we are drawing no conclusions—the section of the report from which you are now quoting is getting into the conclusions which we are arriving at as a result of the evidence, all of which we have not yet presented.

The CHAIRMAN. Since we have gotten into this second report, I have just talked to Mr. Hays, we might as well proceed with the second phase of your report.

Mr. McNIECE. I would like to make a short preliminary statement before getting into the reading from this document. This statement is as follows:

Before beginning a discussion of the relationships between foundations and government, it should be understood by all that we realize that we are entering the sensitive area of political controversy. One reason for mentioning this at this time is that we wish it to be understood that we are limiting our analysis of the conditions as we shall describe them, first to documented statements from the sources quoted and second, in the economics section of the report to statistical information available in the Government's own publications.

The economic facts seem to substantiate the conclusion that many of the proposals advanced by the planners and deemed experimental by some and questionable by others have been put into practice and are a part of our everyday lives as we are now living them. Congressional appropriations and governmental expenditures indicate this. While these facts seem to speak for themselves, there are certain interpretations which we shall make especially with reference to future conditions if we choose to continue these collectivistic ventures.

In these conclusions we are taking no partisan political position, nor do we wish to encourage or support any other attitude than this.

Our interest in these problems as they affect the state of the Nation and its future far exceeds our interest in any form of political preferment.

Now, this section of the manuscript report is headed, "Relationships Between Foundations and Government." It is particularly concerned with the national and social planning.

Before proceeding with the submission of evidence bearing upon the relationships between foundations and government, we wish to make some comments by way of background as they pertain to national and social planning by government.

Three things should be obvious to anyone reasonably familiar with the interlocking complexities of our production, distribution, service, and financial problems in our economy:

(1) The successful correlation of all these activities would require the complete control of all phases of our economic endeavors. Price control, for example, cannot be effectively maintained without rigorous control of material supply and costs, wages, transportation, and all other elements entering into final costs.

Mr. HAYS. Mr. Chairman, it seems to me that these reports are very long, and if Mr. McNiece is going to read all of them today, that is about all we are going to get done. I have read them. I have some questions I would like to ask about them. I would like to just have them put in the record as is, and then go on with the questioning. I think it would save a lot of time.

Mr. KOCH. He was just going to read the shorter one.

Mr. HAYS. Is he going to read the typewritten introduction of this?

Mr. KOCH. No.

Mr. McNiece. I had expected to take selective manuscript reading. It would be dull and deadly, and I would say completely impossible to convey to anyone the message involved in that great series of, I think, 20 statistical tables. I could not hope to do that by reading. I had not expected to do that.

Mr. KOCH. You intended to read only the mimeographed statement?

Mr. McNiece. Yes, and certain conclusions and introduction material from the Economic Report.

The CHAIRMAN. This is 19 pages.

Mr. McNIECE. That is all.

Mrs. PFOST. There is a lot of single spacing and tightly written pages.

The CHAIRMAN. The quotations are single spaced. Had you expected to read the quotations in full?

Mr. McNIECE. I had intended to read the quotations in full. It is immaterial to me.

The CHAIRMAN. Why don't you continue with the shorter form? The other material is to be inserted in the record.

Mr. McNIECE. That is right. There are certain things in these quotations that I think from my point of view are very important from the standpoint of Mr. Hays' questions.

The CHAIRMAN. Very well.

Mr. HAYS. I have about 8 or 10 questions to this document, and I was wondering if you have any objection in order to prevent the disorganized thing we have had in the past, and going some other day, you could read them and answer all of my questions before noon? Would you have any objection if I stopped you at the bottom of page 2 and asked a question right there while it is fresh in mind?

The CHAIRMAN. What he had in mind, as I understood a while ago, in the remainder of this brief form might be the basis for answers. I have not read these quotations. I would rather like to hear them, if I might, before the questioning. I think we would have time before noon to conclude this and have the questioning also before noon, which I would like to do.

Mr. McNIECE. Yes, we could.

The CHAIRMAN. For my own information, I would rather like to have it.

Mr. McNIECE. It is very vital, Mr. Reece, to the questions which Mr. Hays very properly asked. I would like at least to present those that bear upon this idea of, let us say, a concentrated corps of influence. It is involved here to a certain extent. It is involved in one of the very first questions Mr. Hays asked me this morning. So I think it would be better if we could at least go this far with it.

Mr. HAYS. Read this whole thing?

Mr. McNIECE. Yes, it is not going to take very long.

The CHAIRMAN. Very well.

Mr. McNIECE. Otherwise, shortages, surpluses, and bottlenecks would bob up continuously and everywhere.

(2) With the complexity due to the literally millions of points or junctures where difficulties may arise, no man or centralized group of men possess the knowledge or judgment that will equal the integrated judgment of thousands of experienced men applied at the points where and when troubles first develop.

At the time when increased complexity of national and international affairs seem to make more governmental planning and control necessary, the Government is actually becoming less and less able to exercise rational and competent control over the multiplicity of details essential to good planning. To be even superficially effective, it must be completely autocratic.

(3) Even though such centralized planning were physically possible, the net results would be a smaller and smaller percentage of goods and services produced that would be available for those who produce them. This would result from the increasing cost of the

governmental agencies and bureaus necessary to devise and maintain control. Of course this would have to be met by increasing taxation. That is the experience in Russia and it has been developing here for some years as will be shown in the staff's economic report.

✓ From the beginning, the Socialist programs have called for national ownership and planning of productive facilities.

Such references are frequent and clear. Perhaps the following quotation from Engels, friend and contemporary of Marx, may illustrate the point.

The planless production of capitalist society capitulates before the planned production of the invading Socialist society.

To emphasize the reiteration of this concept by a responsible body of men in our own times and country, we may again refer to a paragraph from the report of the Commission on Social Studies. After 5 years of deliberation they say (American Historical Association, Committee on Social Studies, p. 16) :

Under the molding influence of socialized processes of living, drives of technology and science, pressures of changing thought and policy, and disrupting impacts of economic disaster, there is a notable waning of the once widespread popular faith in economic individualism; and leaders in public affairs, supported by a growing mass of the population, are demanding the introduction into economy of ever wider measures of planning and control.

In what way has this expression of belief found its way into our governmental activities?

In 1933, the National Planning Board was formed. How did it look upon its task and what seem to be its final objectives? These may be indicated in part by the following extracts from its final report for 1933-34—National Planning Board, final report 1933-34, page 11 :

State and interstate planning is a lusty infant but the work is only beginning. Advisory economic councils may be regarded as instrumentalities for stimulating a coordinated view of national life and for developing mental attitudes favorable to the principle of national planning.

Page 60 :

Finally, mention should be made of the fact that there are three great national councils which contribute to research in the social sciences. The Council of Learned Societies, the American Council on Education, and the Social Science Research Council are important factors in the development of research and add their activities to the body of scientific material available in any program of national planning.

The Council of Learned Societies has promoted historical and general social research.

The American Council on Education has recently sponsored an inquiry into the relation of Federal, State, and local governments to the conduct of public education. It has served as the organizing center for studies of materials of instruction and problems of educational administration. It represents the educational organizations of the country and is active in promoting research in its special field.

The Social Science Research Council, a committee of which prepared this memorandum, is an organization engaged in planning research. It is true that its object has not been to make social plans, but rather to plan research in the social field. A decade of thought on planning activities through its committees, distributed widely over the social sciences, has given it an experience, a background with regard to the idea of planning, that should be of value if it were called on to aid in national planning. Furthermore, the members of the Social Science Research Council, its staff, and the members of its committees are perhaps more familiar than the members of any other organization with the personnel in the social sciences, with the research interests of social scientists, and

with the experience and capabilities of social science research workers in the United States. The members of the council are familiar with the different bureaus of research. The council has been concerned chiefly with the determination of the groups and persons with whom special types of research should be placed. For this purpose it has set up committees, organized commissions, promoted research, and sponsored the development of various research agencies and interests. With its pivotal position among the social sciences, it could undoubtedly render valuable aid if called on to do so, in the formidable task of national planning.

Page 66:

It was after the Civil War that American economic life came to be dominated by the philosophy of laissez faire and by the doctrines of rugged individualism. But the economic and social evils of the period resulted in the development of new planning attitudes tending to emphasize especially public control and regulation.

Page 67:

Summing up the developments of these 125 years, one may say that insofar as the subject here considered is concerned, they are important because they left us a fourfold heritage:

First, to think in terms of an institutional framework which may be fashioned in accordance with prepared plans;

Second, a tendency to achieve results by compromise in which different lines and policies are more or less reconciled;

Third, a tendency to stress in theory the part played in economic life by individualism, while at the same time having recourse in practice to governmental aid and to collective action when necessary; and

Fourth, a continued social control applied to special areas of economic life.

Page 71:

Such was the note already heard in America when during 1928-29 came the first intimations of the 5-year plan, and the Western World began to be interested in the work and methods of the Gosplan in Moscow. The Russian experience was not embodied in any concrete way in American thinking, but it stimulated the idea that we need to develop in an American plan out of our American background.

The National Planning Board after furnishing its report in 1934 was discontinued.

The National Resources Committee was in existence from 1934 to 1939.

In 1939, the National Resources Planning Board was constituted, in part with the same personnel. After a few years of deliberation, it rendered its final report, from which the following verbatim and continuous extract is quoted from page 3:

The National Resources Planning Board believes that it should be the declared policy of the United States Government to promote and maintain a high level of national production and consumption by all appropriate measures necessary for this purpose. The Board further believes that it should be the declared policy of the United States Government.

To underwrite full employment for the employables;

To guarantee a job for every man released from the Armed Forces and the war industries at the close of the war, with fair pay and working conditions;

To guarantee and, when necessary, underwrite:

Equal access to security,

Equal access to education for all,

Equal access to health and nutrition for all, and

Wholesome housing conditions for all.

This policy grows directly out of the Board's statement concerning which the President has said:

"All of the free peoples must plan, work, and fight together for the maintenance and development of our freedoms and rights."

## THE FOUR FREEDOMS

Freedom of speech and expression, freedom to worship, freedom from want, and freedom from fear: and

## A NEW BILL OF RIGHTS

1. The right to work, usefully and creatively through the productive years;
2. The right to fair pay, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift, and other socially valuable service.

Mr. HAYS. Would you mind identifying where this came from?

Mr. McNIECE. Yes, sir. This is the final report of the National Resources Planning Board.

Mr. HAYS. All right.

Mr. McNIECE. (reading):

3. The right to adequate food, clothing, shelter, and medical care;
4. The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment, and accident;
5. The right to live in a system of free enterprise, free from compulsory labor, irresponsible private power, arbitrary public authority, and unregulated monopolies;
6. The right to come and go, to speak or to be silent, free from the spyings of secret political police;
7. The right to education, for work, for citizenship, and for personal growth and happiness; and
8. The right to equality before the law, with equal access to justice in fact;
9. The right to rest, recreation, and adventure, the opportunity to enjoy life and take part in an advancing civilization.

Plans for this purpose are supported and explained in this report. The previous publications of the Board, including National Resources Development Report for 1942, transmitted to the Congress by the President on January 14, 1942, and a series of pamphlets (After Defense—What? After the War—Full Employment, Postwar Planning, etc.), also provide background for this proposal.

The plans just mentioned are incorporated in a series of points under the following captions:

Page 13: A. Plans for Private Enterprise.

Page 13: B. Plans for Finance and Fiscal Policies.

Page 13: C. Plans for Improvement of Physical Facilities.

Page 16: D. Essential Safeguards of Democracy.

Under a caption, "Plans for Services and Security" are extensive recommendations under the descriptive headings which follow:

Pages 16-17:

- A. Plans for Development of Service Activities.
  1. Equal access to education.
  2. Health, nutrition, and medical care.
- B. Plans for Underwriting Employment
- C. Plans for Social Security

Still another basic caption appears as follows:

Pages 60-66: Equal Access to Health:

- I. Elimination of All Preventable Diseases and Disabilities.
- II. Assurance of Proper Nutrition for All Our People.
- III. Assurance of Adequate Health and Medical Care for All.
- IV. Economical and Efficient Organization of Health Services...

A statement of authorship of the section on Equal Access to Health says that it was prepared under the direction of Assistant Director Thomas C. Blaisdell, by Dr. Eveline M. Burns, of the Board's staff. Dr. Burns is a graduate of the London School of Economics, which has received grants from the Rockefeller Foundation totaling \$4,105,600.

The discussion and detailed recommendations in this final report of the National Resources Planning Board are far too lengthy to be incorporated in this study. Certainly, some of them seem reasonable from the standpoint of our former governmental procedure but others are sufficiently novel to warrant mention herein in order to clarify the underlying objectives in the fields mentioned.

#### PLANS FOR IMPROVEMENT OF PHYSICAL FACILITIES<sup>1</sup>

We recommend for consideration: With private enterprise, through the Reconstruction Finance Corporation or possibly one or several Federal Development Corporations and subsidiaries providing for participation of both public and private investment and representation in management—particularly for urban redevelopment, housing, transport terminal reorganization, and energy development. Government should assist these joint efforts through such measures as:

(1) Government authority to clear obsolescent plant of various kinds, as, for instance, we have done in the past through condemnation of unsanitary dwellings, to remove the menace to health and competition with other or better housing.

(2) Governmental authority to assemble properties for reorganization and redevelopment—perhaps along the lines of previous grants of the power of eminent domain to canal and railroad companies for the acquisition of rights-of way.

#### HEALTH, NUTRITION, AND MEDICAL CARE

Assurance of adequate medical and health care for all, regardless of place of residence or income status and on a basis that is consistent with the self respect of the recipient, through:

(1) Federal appropriations to aid States and localities in developing a system of regional and local hospitals and health centers covering all parts of the country:

(2) Assurance of an adequate and well-distributed supply of physicians, dentists, nurses, and other medical personnel.

#### PLANS FOR UNDERWRITING EMPLOYMENT

To guarantee the right to a job, activities in the provision of physical facilities and service activities should be supplemented by:

(1) Formal acceptance by the Federal Government of responsibility for insuring jobs at decent pay to all those able to work regardless of whether or not they can pass a means test;

(2) The preparation of plans and programs, in addition to those recommended under public works (II-B-3), for all kinds of socially useful work other than construction, arranged according to the variety of abilities and location of persons seeking employment.<sup>2</sup>

<sup>1</sup> From final report, NRPB, p. 13.

<sup>2</sup> *Ibid.*, p. 17.

## Page 17:

## PLANS FOR SOCIAL SECURITY

Reorganization of the unemployment compensation laws to provide broadened coverage, more nearly adequate payments, incorporating benefits to dependents, payments of benefits for at least 26 weeks, and replacement of present Federal-State system by a wholly Federal administrative organization and a single national fund.

Creation of an adequate general public assistance system through Federal financial aid for general relief available to the States on an equalizing basis and accompanied by Federal standards.

Strengthening of the special public assistance programs to provide more adequately for those in need, and a redistribution of Federal aid to correspond to differences in needs and financial capacity among the States.

## Page 69:

## EQUAL ACCESS TO EDUCATION

That equal access to general and specialized education be made available to all youth of college and university age, according to their abilities and the needs of society.

## Page 70:

That adequate provision be made for the part-time education of adults through expansion of services such as correspondence and class study, forums, educational broadcasting, and libraries and museums.

## Page 71:

That camp facilities be made available for all youth above the lower elementary grades, with work experience provided as a part of camp life.

## Page 72:

That the services of the United States Office of Education and State departments of education be expanded and developed to provide adequate research facilities and educational leadership to the Nation.

## Page 73:

That inequality of the tax burden for education within and among the States be reduced through the distribution of State and Federal funds on the basis of need.

The quotations from the reports of the National Planning Board and the National Resources Planning Board should suffice to show how they have followed the lead of the Commission on Social Studies and how completely they have embraced virtually all phases of our economic life including education.

It will be of interest and significance to trace the progress of one who was undoubtedly a leader in the evolution of this influence as it has been set forth. In this case, we refer to Mr. Charles E. Merriam and in so doing we wish to have it thoroughly understood that we are casting no aspersions on his name or memory.

The following statement regarding the origin of the Social Science Research Council is found in the annual report of that organization for 1928-29.



From page 39, appendix A:

In 1921, the American Political Science Association appointed a Committee on Political Research, with Prof. Charles F. Merriam as chairman. The purpose of this committee was to scrutinize the scope and method of research in the field of government in order to obtain a clearer view of the actual situation and to offer constructive suggestions.

In a preliminary report in December 1922, the following statement appeared:

That a sounder empirical method of research had to be achieved in political science if it were to assist in the development of a scientific political control. Quoting further the report said:

As one of its major recommendations, the committee urged "the establishment of a Social Science Research Council consisting of two members each from economics, sociology, political science, and history, for the purpose of:

"(a) The development of research in the social studies.

"(b) The establishment of a central clearing house for projects of social investigation.

"(c) The encouragement of the establishment of institutes for social-science study, with funds adequate for the execution of various research projects and publications, in the various fields of science."

The Social Science Research Council was formed in 1923 and incorporated in 1924. Charles E. Merriam served as its president from 1924 to 1927. He was president of the American Political Science Association during 1924 and 1925, a member of the Hoover Commission on Social Trends and of the President's Commission on Administrative Management from 1933 to 1943.

In 1926, a Committee of the American Historical Association made a preliminary study and recommendation on the subject of social studies in the schools. Mr. Merriam was a member of this committee and later of the final commission on social studies whose report of May 1934 we have discussed at length.

In spite of his retention of membership, he with 3 others out of the Committee of 14 members failed to sign the final report. Since no dissenting report or advices are recorded, we can only guess at the reason. In fairness to Mr. Merriam and from an examination of some of his later writings on other matters, we are led to believe that he was sufficiently opposed to the extreme revolutionary plans of Marxism to disassociate himself from the more radical conclusions in this report.

Be that as it may, he retained his interest and activity in national planning to the last. Following his connections with the American Political Science Association, the Social Science Research Council, and the American Historical Association, he was a member of the National Planning Board in 1933-34; the National Resources Committee 1934-39; the National Resources Planning Board 1939-43; the President's Committee on Administrative Management 1933-43 and the United States Loyalty Review Board 1947-48.

Mr. Merriam is the author of a book published in 1941 by the Harvard University Press, entitled "On the Agenda of Democracy." This book is composed of a series of lectures delivered by the author.

The opening statement in the introduction follows (p. xiii) :

Foremost on the agenda of democracy is the reconsideration of the program in the light of modern conditions. The old world is gone and will not return. We face a new era, which searches all creeds, all forms, all programs of action, and spares none. Reason and science have made basic changes that demand readjustment at many points. \* \* \*

One of the chief tasks confronting democracy is the development of a program adequate to meet the changes of our time. \* \* \*

Mr. Merriam defines planning as follows (p. 77) :

Planning is an organized effort to utilize social intelligence in the determination of national policies.

The ensuing extracts from the pages indicated throw additional light on Mr. Merriam's views (pp. 86-87) :

From the organizational point of view the NRPB (National Resources Planning Board) is part of the Executive Office of the President. This includes the White House Office, the Bureau of the Budget, the National Resources Planning Board, the Office of Government Reports, the Liaison Office for Personnel Management, and the Office for Emergency Management. With the reference to other Federal agencies outside of overhead management, the Board has endeavored to encourage planning activities in the various departments of the Government. There is now a Planning Division, specifically so-called, in the Department of Agriculture.

There is one in the making (provided Congress gives an appropriation) in the Federal Works Agency; there is a general committee in the Department of the Interior which is not called a planning committee but which may serve the same purpose, and there are Planning Divisions in the War Department and in the Navy Department. There are similar enterprises not labeled "planning" but doing much the same work in a variety of other agencies, as, for example, in the Treasury, in Commerce, in the Federal Reserve Board, and in other independent agencies. The Board has endeavored to make a special connection with Federal agencies through its various technical committees, dealing with particular topics assigned by the President. These committees usually have representatives of several Federal agencies, as, for example, the Committee on Long-Range Work and Relief Policies.

The Board (National Resources Planning Board) has also dealt with private agencies interested in planning. The most notable example is its Science Committee. Here groups were brought together that never came together before, namely, the National Academy of Sciences, the Social Science Research Council, the American Council of Learned Societies, and the American Council on Education with its 27 constituent organizations. The members of the science committee are designated by these four groups. These scientists have undertaken with the United States Government some very important studies, notably the study of population, the study of the social implications of technology, and the study of research as a national asset—research in the National Government, in private industry, and ultimately in the various local governments.

Pages 110-11 :

As a student of planning, I see the possibility of adapting our national resources to our national needs in peace as well as in war, in the development of national productivity and higher standards of living as a part of the same program. This is the bill of rights in modern terms.

Page 113 :

It will be important to have a shelf of public work and projects ready for use, if there is need, available to combat any wide tendency toward general unemployment.

In another book called *The New Democracy and the New Despotism*, Mr. Merriam states (pp. 58-59) :

Out of the field of science and education emerged the body of inquiry, experiment, and reflection known as social sciences. The developing range of knowledge regarding the principles and techniques of social behavior tended to increase human confidence in conscious social control. The tendency was not merely to accept the environment as given, but to understand it, then to devise appropriate methods and techniques for the guidance of social forces.

Page 148 :

My own preference is for a national planning board appointed by the Executive and responsible to him, serving on an indeterminate tenure. Such an organization might act as a long-time planning agency for the coordination of various plans among departments or bureaus and for the elaboration of further lines of long-time national policy in the larger sense of the term.

All in all, the long record of Mr. Merriam in his participation in the general field of the social sciences and in the governmental operations, and the quoted excerpts from his writings should serve to identify him thoroughly with the policies and practices, the effects of which are shown in the staff's report on economics and the public interest.

To emphasize the importance of the parts played by the specialists from the field of education, it may be said that the staff has lists of some of these consultants and advisers that total as follows: Department of State, 42; Department of Defense, 169.

Before taking up the report on economics and the public interest, it will be well to take a moment or two to close the triangle of relationships among foundations, education and Government by reference to the United States Office of Education. It is the official center of contact between the Government itself and the outside educational world.

In table 7 of the Economic Report, it is shown that from 1945 to 1952 inclusive, the Federal Government has expended the total sum of \$14,405,000,000 on education in its various forms. Much, if not all, of this is under the jurisdiction of the United States Office of Education.

As part of this vast project, the Office itself issues many good booklets on various phases of education and collects many valuable statistics on cost, attendance, and other matters of interest in this domain. Among the booklets issued by this agency are a few which may be mentioned and identified.

They are :

The U. N. Declaration of Human Rights: A handbook for teachers, Federal Security Agency, Bulletin 1951, No. 12, Office of Education.

How Children Learn About Human Rights: Place of subjects series, Bulletin 1951, No. 9, Federal Security Agency, Office of Education.

Higher Education in France: A handbook of information concerning curricula available in each institution, Bulletin 1952, No. 6, Federal Security Agency, Office of Education.

Education in Haiti: Bulletin 1948, No. 1, Federal Security Agency, United States Office of Education.

This brief reference is purely factual and without appraisal or comment.

It is made only as a matter of information for the consideration of the committee when it considers the problems involved.

This is the conclusion of the report.

The CHAIRMAN. You are including the other parts in the record?

Mr. McNIECE. Yes, the economics report is separate and I had hoped if the time were available we might read certain parts of that, but include the whole thing for the record, avoiding the complications and confusion and time involved in reading a lot of statistics which are of value only for study.

The CHAIRMAN. The Rockefeller Foundation has given a total in excess of \$4 million to the London School of Economics?

Mr. McNIECE. That is right, according to the record, as we have compiled it.

The CHAIRMAN. That is a lot of money. And the London School of Economics is generally recognized as being liberal, with liberal in quotations?

Mr. McNIECE. Yes.

The CHAIRMAN. Or by some people referred to as leftist. Having attended the London School of Economics for a time, that accounts for my leftist leanings.

Mr. HAYS. I would say by the process we are going here that makes you subversive. I don't really think you are, but you could certainly imply that from some of the things. I am glad you brought that up, because I had read this before, and I have listened carefully, and you have put your finger on the only thing in this whole document that has anything to do with foundations, that reference on page 9. The rest is just airing somebody's political views.

Mr. McNIECE. No.

The CHAIRMAN. No. The National Resources Planning Board, the way it was set up, it did tie into the foundation funds, did it not?

Mr. McNIECE. Certainly, through the American Historical Association, the Social Science Research Council, the American Council on Education, the aid of all of which is acknowledged in the official reports of the National Resources Planning Board. It is stipulated by them. That is a definite hook-up with the foundations.

Mr. HAYS. You say yourself they suggest that; is that bad?

Mr. McNIECE. They have not the power of Congress to authorize its adoption. They have gone as far as they can.

Mr. HAYS. Now, you are getting some place. In other words, none of this has any validity or authority unless Congress decides to implement it.

Mr. McNIECE. I have suggested here in the preliminary statement that the appropriations by Congress and the record of governmental expenditures follow very closely the line of recommendations which I just finished reading.

Mr. HAYS. Are you saying that Congress has a bunch of nitwits and dupes or just-been subversive, or what?

Mr. McNIECE. No; I am not saying any such thing, and it should not be inferred from any remark I have made.

The CHAIRMAN. My knowledge is just to the contrary.

Mr. HAYS. You seem to indicate that Congress was pushed into this by the statement you just made, that their appropriations paralleled this and these people influenced them.

Mr. McNIECE. Inferences are free to those who make them. I have only stated the facts. I am making no inference beyond the statement of facts.

The CHAIRMAN. But the essential part of these recommendations have never been touched by Congress. Take for instance on page 10:

(2) Governmental authority to assemble properties for reorganization and redevelopment—perhaps along the lines of previous grants of the power of eminent domain to canal and railroad companies for the acquisition of rights-of-way.

If that recommendation were implemented, it would give the Federal Government authority to move any industry into any other part of the country.

Mr. McNIECE. That is right.

The CHAIRMAN. At one time that recommendation was made to Congress, incidentally. Congress has been, on the contrary, the one to resist recommendations of this nature. That is as nationalistic a recommendation as could possibly be made to the Federal Government.

Mr. HAYS. You read the second paragraph. Let us read the first one:

Government authority to clear obsolescent plants of various kinds.

What about that? You have not heard any squawks from General Motors, have you, about tax-amortization certificates where they got a nice big fat donation from the taxpayers in order to clear out an obsolescent plant so they could build a better one, and then it did not cost them anything?

The CHAIRMAN. The Government has not been given authority to determine what plants are obsolescent and carry them out.

Mr. HAYS. That is the only difference. They let them determine it, and how much profit they will make. That seems to be all right.

The CHAIRMAN. That is entirely different.

Mr. HAYS. It is not entirely different.

The CHAIRMAN. In my way of thinking.

Mr. HAYS. Going back to page 9, and we are going to stick to this in spite of all the diversions, that to me is the only relation this has to foundations in any way, shape or form. You refer to a report prepared by Dr. Eveline M. Burns, and then you hasten to add she is a graduate of the London School of Economics, which has received grants from the Rockefeller Foundation totaling \$4,105,600. I want to ask you specifically, does that mean you do not approve of this report by Dr. Burns?

Mr. McNIECE. I am reporting only on facts and not indicating approval or disapproval of any of the facts which I am offering. My approval or disapproval would be worthless in any appraisal of the situation. I am only attempting to bring out the facts as we found them.

Mr. HAYS. Why bring in Dr. Burns? What does that have to do with it, then?

Mr. McNIECE. I thought it was clearly stated, "A statement of authorship of the section on 'Equal access to health.'" This is in the report itself—says that it was prepared under the direction of Assistant Director Thomas C. Blaisdell, by Dr. Eveline M. Burns, of the Board's staff.

This is the acknowledgment of authorship in the report itself.

Mr. HAYS. Do you mean to imply that the London School of Economics is responsible for anything that any of its graduates ever wrote?

Mr. McNIECE. I don't imply any such thing.

Mr. HAYS. Why put that in? I am curious. She must have gone to some other school.

Mr. McNIECE. I have no control over other peoples' inferences. The factual evidence is that Dr. Burns went to the London School of Economics, she graduated from there and presumably she went there for the purpose of absorbing some ideas. That is the purpose of education.

Mr. HAYS. Do you know from what high school she graduated?

Mr. McNIECE. No.

Mr. HAYS. Why not put that in?

Mr. McNIECE. She is English. That would expend more of the Government's taxpayers' money. That would take some time.

Mr. HAYS. Let us not worry about that. We have not up to this time in this committee. It seems to me it is a valid assumption. The only reason the London School of Economics was mentioned is because it got a grant from the Rockefeller Foundation, and she went there, and you had to tie it into the foundation.

Mr. McNIECE. Of course it is a tie-in, the same as this flow of men fostered and supported by foundation grants, without mentioning a specific one; such things as some of the prior witnesses have testified individually. Of course it has an influence.

Mr. HAYS. That is what I wanted to get in, the fact that was brought in in order to make a rather tenuous tie to the whole thing.

On page 2 you say that the methods used in bringing about changes suggest a form of subversion.

Mr. McNIECE. I don't find that on page 2.

Mr. HAYS. No, I am sorry. That is in the economic report. Let us go back. We don't want to get to that one yet.

At the bottom of page 2, you bring in Engels and Marx. Do you do that to point out—first let me ask you this. Are you against planning?

Mr. McNIECE. That is a very broad question, and I could only make a purely hypothetical answer.

Mr. HAYS. I will narrow it down. Are you against Government planning? That takes away the broadness of the basis.

Mr. McNIECE. Not sufficiently to permit me to make an answer. I can make a qualified answer.

Mr. HAYS. All right.

Mr. McNIECE. I certainly don't object to, and I would rather criticize any governmental department that did not attempt to plan its own activities with reasonable care, but for any governmental department or group of governmental departments to attempt to plan the procedure of national affairs, including production, distribution, finance, not concerned directly with the Government's overriding control of finance, I certainly disapprove of.

The CHAIRMAN. That is, you are opposed to a planned economy by the Government.

Mr. McNIECE. I disapprove of a planned economy, definitely. But that has no relations to the planning of an individual department's activities. They are very poorly managed if they don't do that.

Mr. HAYS. Now, then, to go to a more narrow base yet and a more specific example, what about the planning of an agency in the Government—I can't think of the exact title—that loans various political subdivisions money to draw up plans for improvements, such as hospitals, highways, schools, courthouses, rehabilitation of existing facili-

ties and so on, in case there ever comes a time when there needs to be a program of public works. Do you disapprove of that?

The CHAIRMAN. May I interject? Really I feel it is outside of the purview of a member of the staff to give his opinions on such problems. He is presenting certain facts for the evaluation of the committee.

Mr. HAYS. Mr. Chairman, he is presenting a political document. If you are going to allow the staff to come in and present political views purporting to be those of this committee, then I think the committee has a right to explore them.

The CHAIRMAN. If he is interested in giving his opinion on governmental problems of all kinds—

Mr. HAYS. This is an indictment of planning.

The CHAIRMAN. He is at liberty to do so as far as I am concerned.

Mr. HAYS. I think the question is very relevant and has direct bearing on this report. I will admit the report does not have much bearing on H. R. 217, but since it has been presented here, we might as well question about the report. If you want to throw the whole thing out and say it has no relationship to this investigation and say let us forget it, I am willing to do that. But if we are going to put it in the record, I think it ought to be explored a bit.

The CHAIRMAN. Yes. Anything connected with the report itself, I think should be, but I referred only to asking him his personal views on economic and governmental matters.

Mr. HAYS. Maybe I can get the whole thing over in one question.

The CHAIRMAN. Good.

Mr. HAYS. Would you answer this question, Mr. McNiece? If you will give me—maybe you won't give the answer I think you are going to because I think I want it. It is really immaterial to me. It occurs to me this: You are against planning that disagrees with what you think is good for the country, and you are for planning that agrees with what you think is all right. Could you answer that question "Yes"?

Mr. McNiece. I don't know what you comprehend in that part of your question that suggests my favorable attitude toward planning that I think is good for the country. The question is rather broad and general.

Mr. HAYS. You don't want to say that you are against planning altogether, do you?

Mr. McNiece. It depends on the field in which it operates. If you can specifically identify the field, then perhaps I can give you a "Yes" or "No" answer.

Mr. HAYS. Let me put it this way. You approve of planning in the fields that you approve of and disapprove of it in the fields in which you don't think the Government ought to plan, is that right?

Mr. McNiece. I have no comment. That question again does not permit of a "Yes" or "No" answer that has any real significance from my particular standpoint.

Mr. HAYS. Then perhaps you could just tell us what fields that you do approve the Government planning in, and what ones you disapprove, because after all, this is more or less your opinion, isn't it?

Mr. McNiece. One man's opinion is another man's fact.

Mr. Koch. May I ask a question here?

Mr. HAYS. Sure.

Mr. KOCH. Isn't it true that the purpose of this report was not to state your political view or our political view, but rather to show that certain matters or certain things have occurred in our political life, and you point out that the foundations urged that that be done? Let us assume, so that there will be no getting into argument, that what they recommended was all right. Let us not get into that argument. But say that they sparkplugged it and that the people in the Government who, like everybody else, likes to go to experts to ask what do you think about what planning should be done, have gone to those 5 or 6 associations and the question arises, Who are they to call the signals when neither you nor I elect any of them? There is that question. If they advise political activity or political programs, there is a serious question on the matter of good government. Who is this fourth power? We have the congressional power, the legislature, the judicial, and the executive. But might there be a fourth power here that is not responsible to the people and not elected by the people? Is not that the point that really you wish to mention, and not your political view?

Mr. McNIECE. That is right.

Mr. HAYS. Yes, but you have just come as close to proving that point as it would be to sit here and say that because I attended Duke University for one semester that university is responsible for anything or everything I say in these hearings. That is just how close you have come in this whole case to proving any connection whatsoever between the foundations and what has happened in this country in the last 20 years.

As a matter of fact, some of our own witnesses, one of them yesterday very plainly said that he didn't know whether the foundations had caused it or the foundations had been pushed along by the irresistible force of the times, or words to that effect. I put it in a more simple analogy and said, "In other words, Doctor, it is a question of which came first, the chicken or the egg, and you don't know." And he said he didn't.

Mr. McNIECE. There is one thing to say about that. Effect does not precede its cause.

Mr. HAYS. What do you mean to imply by that?

Mr. McNIECE. I mean to imply that we have documentation which shows the gradual development of this movement in this country. I might say that in no case in even the slightest detail were we associated in any way, nor did we know the nature of the documented testimony that was produced by Mr. Sargent.

Mr. HAYS. If you are going to bring in Mr. Sargent, let me say as far as Mr. Sargent is concerned, I will submit his testimony to any impartial jury, and if you can find one valid thing in it that anywhere remotely resembles the truth, I would like you to point it out to me. I will go on to say this to you. I have made an analysis of Mr. Sargent's testimony and over 600 times he mentioned names of people or organizations which he implied were wrong, and he pretty well covered the waterfront.

Mr. McNIECE. I heard the testimony.

Mr. HAYS. If you don't want to take my word for it, I suggest you read the editorial in the San Francisco Chronicle, a very, I might say, conservative Republican newspaper, which says in effect that if this committee had taken the trouble to find out as much about Mr. Sar-



gent as Californians already knew, and about how his testimony that he gave here had been discredited in California, they would not have wasted 3 days listening to him.

Mr. McNIECE. That was an editorial comment, wasn't it?

Mr. HAYS. That is right.

Mr. McNIECE. That may answer its own question.

Mr. HAYS. It answered it good enough for me.

Mr. McNIECE. I have seen some editorials, one in particular from California, that was quite the contrary.

Mr. HAYS. I don't know what paper it is from, but I will put the San Francisco Chronicle as being a pretty reputable paper.

The CHAIRMAN. I don't think this is the time to either characterize or evaluate Mr. Sargent's testimony.

Mr. HAYS. I will promise that anything I have said today, Mr. Chairman, will be mild to the evaluation I will give in the minority report. That will be a printed document.

The CHAIRMAN. Do you have any questions?

Mr. KOCH. No, Mr. Chairman.

Mr. WORMSER. No, Mr. Chairman.

Mr. HAYS. I have a lot more questions, but frankly as far as I am concerned, I don't think the thing has much relation to what we are investigating, and I am willing to go ahead on to the next witness.

The CHAIRMAN. It is almost 12 o'clock. We will stand in recess until 2:30 in this same room.

(Thereupon at 11:45 a. m., a recess was taken until 2:30 p. m., the same day.)

#### AFTER RECESS

Mr. GOODWIN (presiding). The hour to which the committee stands recessed has arrived, and the committee will be in order. Mr. Wormser.

Mr. WORMSER. I think Mr. McNiece finished reading the supplemental report. He has this report, Economics and the Public Interest, parts of which are narrative and parts of which are statistical. Do you think it necessary to read any part of that, Mr. McNiece?

Mr. McNIECE. I am perfectly willing to abide by the wishes of the committee. Certainly it would be in my judgment useless, as well as boring and time consuming, to attempt to read all the statistics that are in these 20 tables or so that I have got in here.

I might state that the objective of the report is to follow up the recommendations, as they were enumerated this morning, of the National Planning Board, the National Resources Committee, and the National Resources Planning Board, which lasted through about a decade of time, from about 1933 to 1943, approximately. That was all covered this morning. There were specific titles and captions which I mentioned and followed by reading excerpts under each of them at some length. The statistics in this economic report, which I do not believe it is feasible in a hearing of this type to repeat, merely bear out in caption and in the trend of expenditure—if I may so state it—over the period of years, they support or agree with to a very, very great extent the propositions and suggestions that were brought out in this morning's manuscript which I read.

Mr. WORMSER. What are the sources of those statistics, Mr. McNiece?

Mr. McNIECE. The sources of the statistics, I think I can say conclusively are governmental reports of one type or another. Most of them are summarized in the large statistical annual put out by the Government Printing Office, in which statistics are assembled from the various executive departments, such as the Census Bureau, the Department of Labor, Department of Commerce, Treasury Department. They affect virtually all phases of our operations. I think we have, if you are interested in seeing it, a copy of the manual in the office from which these statistics have been taken.

Mr. GOODWIN. It is your belief that they should be made a part of the record, is that right?

Mr. McNIECE. I think they should be made a part of the record.

Mr. GOODWIN. In the absence of objection—

Mr. WORMSER. I think it was stated this morning they would be made a part of the record.

Mr. HAYS. I don't know whether they were or not, to tell you the truth.

Mr. GOODWIN. In the absence of an objection, the reading of the statistics will be waived and it will be understood that they will become a part of the record.

Mr. WORMSER. This entire document, Mr. Goodwin, please.

Mr. GOODWIN. That refers to the document.

Mr. KOCH. The only remaining question then is this. This morning Mr. McNiece thought it might be helpful for him to read only a part of the script in that document, and I think he is now raising the question whether even that is necessary. I think he would like to have an expression from you two gentlemen whether you feel that would be helpful or not.

Mr. GOODWIN. Let us get an expression of the opinion of the witness whether he feels it would be helpful to have it read or made a part of the record without reading.

Mr. McNIECE. There are some things here which I thought this morning it might be well to include perhaps in the reading of the record, though I don't want to do it at any waste of time on the part of any of us.

Mr. HAYS. If this is going to be inserted in the record en bloc, there is no point as I see it of reading sections into the record twice, unless you want to emphasize them, and you can do that by just underscoring them.

Mr. McNIECE. I have no desire to get it into the record twice. It is merely a matter of emphasis that might promote better examination or cross-examination. I have no desire to prolong the reading of this at all. Part of it, as I have said previously, definitely does not lend itself to a narrative form.

Mr. GOODWIN. Then in the absence of objection, the reading of the material to which the witness is now referring will be waived with the understanding it is made a part of the record. Is there objection?

Mr. HAYS. No.

Mr. GOODWIN. The Chair hears none.

(The statement referred to follows:)

## PREFACE

Over the past 50 years sweeping changes have occurred in this country in the functions and activities of the Federal Government. Some of these changes are to be expected as a result of increasing population, industrial, and commercial growth and our greater participation in world affairs.

By no means have all of the changes resulted from the foregoing causes. On the contrary other deviations have occurred which are totally unrelated to changing requirements of Government and which in fact have not been considered as functions of Government under our Constitution and its enumerated powers.

Among these is the increasing participation of the Federal Government in education, slum clearance, nutrition and health, power generation, subsidization of agriculture, scientific research, wage control, mortgage insurance, and other activities. Most if not all of these were politically conceived and depression born. They represent new ventures in our Federal Government's activities.

Most, if not all of these newer activities of Government are recommended in one place or another in publications of socially minded committees of Government and of reports by various educational groups, social science and others, supported by foundation grants.

They are so foreign to the conception of our Government of enumerated powers as we have known it under the Constitution, that the departure has been referred to as a "revolution" by one of its proponents who will be quoted later. While the groundwork for these changes has been underway for a long time, the real acceleration of progress toward these objectives began about 20 years ago. Since then, the movement has grown apace with little or no sign of slowing down.

The word "revolution" is commonly associated with a physical conflict or development of some sort accompanied by publicity that marks its progress one way or another. Not all revolutions are accomplished in this manner.

The lower the social stratum in which a revolution originates, the noisier it is likely to be. On the contrary a revolution planned in higher circles by some segment of people at policymaking levels may be very far advanced toward successful accomplishment before the general public is aware of it.

A plan may be formulated with some objective in mind, agreement reached, organization effected, and action begun initially with a minimum of publicity. Such a program has been in progress in this country for years. Originally, the thought of such a revolutionary change was probably confined to very few people—the organizers of the movement. With the passage of time and under the influence of the growing emphasis on the so-called social sciences, the Federal Government began to push forward into areas of activity formerly occupied by State and local government and private enterprise.

As an indication of this trend, a statement may be quoted from regional planning, a report issued by the National Resources Committee in June 1938.

"More than 70 Federal agencies have found regional organization necessary and there are over 108 different ways in which the country has been organized for the efficient administration of Federal services."

Arrangements of this type facilitate the gradual expansion of governmental action and control through executive directives as distinguished from specific legislative authorization.

Much of this planning was done with the aid of social scientists in Government employ and of outside individuals or groups with similar ideas and objectives. Many of these were directly or indirectly connected with educational organizations who have and still are receiving very substantial aid from the large foundations.

Some of these activities were undertaken under the guise of temporary aid during depression but they have been continued on an increasing scale as will be shown in the ensuing report.

Evidence indicates that a relatively large percentage of foundation giving was originally in the form of grants to endowment funds of educational institutions. There has been a sizable shift in later years from grants for endowment to grants for specific purposes or objectives but still through educational channels.

As far as the economic influence on Government is concerned, the results were manifested first through the planning agencies. The recommendations made by these groups finally evolved into more or less routine matters in which Congress is now asked to approve each year a series of appropriations to cover the cost. These various classes of expenditures are listed and discussed in the

ensuing report. Charts are included at the end. In a number of cases, trends are shown for the greater part of this century.

It should be understood that not everyone who has assisted in furthering these objectives is guilty of conscious participation in questionable action. Those who have studied these developments know that many well-meaning people have been drawn into the activities without knowledge of understanding of the final objectives. A well-organized central core of administrators with a large number of uninformed followers is standard practice in such organized effort.

## ECONOMICS AND THE PUBLIC INTEREST

### INTRODUCTION

This report is made for the purpose of showing the nature and increasing costs of governmental participation in economic and welfare activities of the Nation. These were formerly considered as foreign to the responsibilities, particularly of the Federal Government.

The nature of these recent activities is briefly described and data shown in tables 1 to 8. The results are shown annually in these tables since 1948 in order to indicate the generally increasing trends in recent years.

Tables 9 to 16 and charts 1 to 12, together with the accompanying data sheets from which the charts are constructed, afford some measure, both volumetric and financial, of the effect these activities have had on national debt, taxes, and personal income of the people.

Finally, the conclusion is drawn that the financial integrity of the Nation will be jeopardized by a continuation of the policies which may be ineffective in the end as far as their stated objectives are concerned.

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### REVOLUTION

In the 20 years between 1933 and 1953, the politicians, college professors, and lawyers, with little help from business, wrought a revolution in the economic policies of the United States. *They repudiated laissez-faire. They saw the simple fact that if capitalism were to survive, Government must take some responsibility for developing the Nation's resources, putting a floor under spending, achieving a more equitable distribution of income and protecting the weak against the strong. The price of continuing the free society was to be limited intervention by Government.* [Italics added.]

The foregoing statement is the opening paragraph in an article by a Harvard professor (Seymour E. Harris, professor of economics, Harvard University in the Progressive, December 1953) as printed in a recent issue of a magazine and as included in the appendix of the Congressional Record of February 15, 1954.

It is a very broad and emphatic statement. Numerically, the "politicians, college professors, and lawyers" comprise a very minute percentage of the total population of the country—a minute percentage of the people who, under the Constitution are responsible for effecting "revolutionary" changes in governmental practice. Certainly these changes as enumerated have never been submitted to nor ratified as such by the people or their duly elected representatives.

Revolution accomplished: How then could a departure so drastic as to be called a "revolution" be accomplished?

Normally a revolution is not accomplished without a considerable measure of publicity attained through fust and fireworks that attend such efforts. In the absence of such developments, it could only be achieved through carefully coordinated effort by a relatively small group centered at policy making levels.

In connection with this latter thought, it is interesting to compare the statement quoted in the first paragraph with the five points for Federal action enumerated shortly hereafter.

Evidence of such changes in Federal policy, their direction and effect will be submitted later, but it will be first in order to mention that the Federal Government is a government of enumerated powers. Certainly the powers enumerated do not mention the "development of the Nation's resources, putting a floor under spending, achieving a more equitable distribution of income and protecting the weak against the strong." Neither has the Government itself prior to the period mentioned in the opening paragraph, assumed such rights and responsibilities.

These and other changes which have been effected are revolutionary. They have been accomplished not openly but indirectly and without the full knowledge and understanding of the people most affected.

Subversion: In fact, the methods used suggest a form of subversion. Subversion may be defined as the act of changing or overthrowing such things as the form or purpose of government, religion, or morality by concealed or insidious methods that tend to undermine its supports or weaken its foundations.

Public interest: It may be said by the proponents of such procedure that it is warranted by the "public interest." Public interest is difficult to define but for the purpose of this study, we can probably do no better than to refer to the preamble of the Constitution of the United States wherein it is stated that the Constitution is established—

"in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity."

The last three words in the foregoing quotation impose a responsibility for the future upon us of the present. A risk for the future is implicit in some of the measures advanced for the advantage of the present and such measures may be said to be subversive, un-American and contrary to the public interest. To subvert or circumvent the Constitution or to change authorized procedure under its provisions by other than the methods established by the Constitution itself may with certainty be called un-American. The Constitution is not a static or dead document. It has been amended with reasonable frequency and can always be modified if a real need for change develops.

Methods of procedure: Mr. A. A. Berle, Jr., formerly Assistant Secretary of State and one of the active proponents of increased governmental participation in economic life made the suggestion that the Federal Government supply cash or credit for the following purposes after World War II (The New Philosophy of Public Debt by Harold G. Moulton, the Brookings Institution, Washington, D. C.).

- (1) An urban reconstruction program.
- (2) A program of public works along conventional lines.
- (3) A program of rehousing on a very large scale.
- (4) A program of nutrition for about 40 percent of our population.
- (5) A program of public health.

Progress toward objectives: It will be informative to record a few measures of progress toward the objectives that focus so sharply on paternalism and socialism in government.

This Nation has attained a standard of living that is higher and more widely distributed than that reached by any other nation in history. It has been accomplished in a very short span of years as compared with the lives of other nations and it is still increasing. Impatience and envy unrestrained may conceivably wreck the future for the sake of the present. The possibilities of this are indicated in factual evidence of today. The public interest will not be served thereby.

(1) An urban reconstruction program: (e) A program of rehousing on a very elaborate scale: It is difficult to differentiate clearly between items 1 and 3 and such data as are available will pertain largely to both.

TABLE 1.—*New permanent housing units started in nonfarm areas publicly owned*<sup>1</sup>

Period	Number	
	Total	Average per year
1935-39.....	87,000	17,400
1940-44.....	224,800	44,960
1945-49.....	67,000	13,400
1950-52.....	173,500	57,833
Total.....	532,300	30,000

<sup>1</sup> Data from Supplement to Economic Indicators.

Data are not available on the total value involved in this increasing scale of public construction. Neither do the available data indicate the division of cost between local, State, and Federal Governments.

On February 27, 1954, the Housing and Home Finance Agency reported that there were 154 slum clearance projects underway in January 1954 compared with 99 at the beginning of 1953. This is an increase of 56 percent in number during the year.<sup>1</sup>

These tabular statements should be sufficient to indicate planned action in conformity with the suggestions involved in items 1 and 3. There are no data available that show any such Federal activities prior to 1935.

(2) A program of public works along conventional lines: The following table shows the value of Federal contracts awarded for new construction. It is not possible from the information available to determine the real proportion of cost furnished by the Federal Government. The fact that the work is covered by Federal contracts suggests that Federal participation is an important percentage of the total which also includes whatever proportion is furnished by owners, whoever they may be.

TABLE 2.—*Federal contract awards for new construction*<sup>1</sup>

1935.....	\$1, 478, 073, 000	1949.....	\$2, 174, 203, 000
1940.....	2, 316, 467, 000	1950.....	2, 805, 214, 000
1945.....	1, 092, 181, 000	1951.....	4, 201, 939, 000
1948.....	1, 906, 466, 000	1952.....	4, 420, 908, 000

Regardless of the degree of Federal participation in this work, the rising trend, even in years of high economic output, is obvious.

A less pronounced trend but a large volume of expenditure is shown in the following data.

*Federal expenditures for public works*<sup>1</sup>

1952 (actual).....	\$3, 116, 000, 000
1953 (estimate).....	3, 419, 000, 000

<sup>1</sup> Statistical Abstract of the United States, 1953.

These data are sufficient to indicate the possibility, if not probability, of spending for public works on a grandiose scale. The fact that such spending would be accelerated when economic activity and governmental income are low would mean drastic increases in public debt which is now at extreme and dangerous levels. It is significant that the debt has not been reduced but is increasing even at the continuing high level of tax collections.

It is also well to remember that the cost of public works does not cease with the completion of the works. On the contrary, increased and continuing costs are sustained for operation and maintenance of the additional facilities. This is not to condemn or disapprove of reasonable and required expenditures to meet the normally growing needs of our increasing population.

<sup>1</sup> New York Times, Feb. 28, 1954.

(4) A program of nutrition: The suggestion for a Federal program of nutrition implied that about 40 percent of our population should be the beneficiaries of such a plan. It is scarcely conceivable that any such proportion of our people are or have been undernourished.

The Federal Government since 1936 has been participating in food distribution to institutions and welfare cases as well as to school-lunch programs. From 1936 to 1952, inclusive, the cost of these programs has been as follows:

TABLE 3.—*Federal food program*<sup>1</sup>

Institutional and welfare cases (direct distribution)-----	\$306, 090, 000
School-lunch programs (direct distribution)-----	290, 330, 000
School-lunch programs (indemnity plan)-----	498, 909, 000
Total-----	1, 095, 329, 000

<sup>1</sup> Statistical Abstract of the United States, 1953.

(5) A program of public health: It was announced by the United States Public Health Service that in October 1952, the one-thousandth hospital had been completed under the Hospital and Construction Act. Since 1946, the Federal Government has contributed \$500 million to this program. The Health Service announced that it had 800 additional projects underway or planned as of 1952. State and local governments have contributed about twice as much toward this work as the Federal Government.

The record of Federal budgetary expenditures for promotion of public health shows the following expenditures for the years indicated.

TABLE 4

1945-----	\$186, 000, 000	1950-----	242, 000, 000
1946-----	173, 000, 000	1951-----	304, 000, 000
1947-----	146, 000, 000	1952-----	328, 000, 000
1948-----	139, 000, 000		
1949-----	171, 000, 000	Total-----	1, 689, 000, 000

At intervals, agitation is repeatedly renewed on the subject of publicly financed medical care.

Benefits under the various forms of social insurance and public assistance programs are increasing rapidly from year to year. Total payments made by Federal and State Governments are indicated herewith.

TABLE 5.—*Federal expenditures for social security and health*<sup>1</sup> (excluding expenditures from promotion of public health as previously shown)

1945-----	\$802, 000, 000	1949-----	1, 672, 000, 000
1946-----	821, 000, 000	1950-----	1, 900, 000, 000
1947-----	1, 117, 000, 000	1951-----	1, 992, 000, 000
1948-----	1, 667, 000, 000	1952-----	2, 163, 000, 000

<sup>1</sup> Statistical Abstract of the United States, 1953 (p. 343).

Education: A program of Federal contributions to education was not included in the five classifications just previously discussed. Such participation has occurred and in some groups in rapidly increasing amounts.

Federal aid in vocational education includes expenditures in agricultural trade and industrial pursuits and in home economics and to some extent has been granted over a period of 30 years or more. The following totals apply to the years indicated:

TABLE 6.—*Federal expenditures for vocational education*<sup>1</sup>

1936-----	\$9, 749, 000	1948-----	26, 200, 000
1940-----	20, 004, 000	1950-----	26, 623, 000
1944-----	19, 958, 000	1951-----	26, 685, 000

<sup>1</sup> Statistical Abstract of the United States, 1953 (p. 135).

Two other classes of educational expenditures are made by the Federal Government, one the large payments for the education of veterans which is now decreasing and the other much small but increasing expenditures for general education and research. These data are shown herewith:

TABLE 7.—Federal educational expenditures<sup>1</sup>

[In millions]

	Veterans' education	General purpose	Total
1945.....		\$158	\$158
1946.....	\$351	85	436
1947.....	2,122	66	2,188
1948.....	2,506	65	2,571
1949.....	2,703	75	2,778
1950.....	2,596	123	2,719
1951.....	1,943	115	2,058
1952.....	1,326	171	1,497
Total.....	13,547	858	14,405

<sup>1</sup> Statistical Abstract of the United States, 1953 (p. 343).

Under the limitations of the law, the cost of veterans' education should continue to decline rapidly. If another war should ensue and the GI bill of rights be taken as a precedent, the cost of veterans' education would become a tremendous economic burden on the country. The former bill was passed without any consideration of the capacity of the educational system to absorb the greatly increased number of students. Chaotic conditions due to crowding existed in many educational institutions.

Still another form of tabulation of educational funds made available by the Federal Government is of interest. It pertains to funds allotted for 1951 and includes those made available to agricultural experiment stations and Cooperative Agricultural Extensions Service.

TABLE 8.—Federal funds allotted for education for school year 1951<sup>1</sup>

Administered by:

Federal Security Agency.....	\$171,720,000
Department of Agriculture.....	161,658,000
Veterans' Administration.....	2,120,216,000
Other.....	97,049,000
Total.....	2,550,643,000

<sup>1</sup> Statistical Abstract of the United States, 1953 (p. 137).

The trend of Federal educational expenditures, aside from those made for veterans' education is unquestionably upward. That further increases are urged, especially by those in the educational field, is illustrated by the following extract from the discussion by Alvin H. Hansen, Professor of Political Economy, Harvard University, before the meeting of the joint committee of the Senate and House on the President's economic report. This meeting was held on February 18, 1954. The quotation follows:

"There is no recognition of the fact, well known to everyone who has studied State and local finance, that the poorer States which contain nearly half of our children fall far short of decent educational standards; yet they spend more on education in relation to total income of their citizens than do the wealthier States. For this situation there is no solution except Federal Aid."

General comments: The foregoing evidence and discussion have been presented in an effort to show why the statement of revolution accomplished seems to be supported by the facts. That a continuation of the policies is probable seems apparent from the statistical trends as presented.

Quite regardless of the real propriety of this great and revolutionary departure from our former constitutional principles of government, a serious question must be raised about its effect on the future life of the Nation. Most of these new Federal objectives of expenditure have hitherto been accepted as lying within the province of the State and local governments. It is of course absurd to assume that aside from the printing press, the Federal Government has access to any greater supply of funds than exists within the States themselves. And yet greater funds are necessary when the Federal Government embarks upon all of these security and welfare activities. Each new or increased channel of



expenditure calls for additional bureaucratic control without any diminution of similar control by State and local governments. In fact, as will be shown the very conditions of distribution imposed by the Federal Government are apparently causing some similar increases in State and local governmental costs.

The tremendously high level of taxes and debt and the pressure for still higher debt limits and greater expenditures should convince any thoughtful and understanding people that danger is in the offing, that the public interest is not being well served, but on the contrary is being placed in jeopardy. Our obligation to posterity is apparently submerged in our sea of current self-interest.

The following discussion, with the aid of data and charts will show in both physical and financial terms the increasing burdens imposed on the populace by these governmental policies originating during the past twenty years.

Civilian employees in Government: The ensuing table shows the drastic increases in governmental civilian employees that have occurred since 1930. The peak was encountered in 1945 from which time there was a gradual reduction to 1948. Note the level of stability attained in 1948, 1949, and 1950 at 280 percent of the 1929 figure.

TABLE 9.—Government civilian employee per 1,000 United States population

	Federal	State and local	Total	Percentage of 1929		
				Federal	State and local	Total
1930.....	5.0	21.3	26.3	102	102	102
1940.....	8.2	24.3	32.5	168	117	127
1945.....	25.5	22.4	46.8	520	108	182
1948.....	14.1	25.8	39.9	288	124	155
1949.....	14.1	26.5	40.6	288	127	158
1950.....	13.8	27.1	40.9	282	130	159
1951.....	16.0	26.7	42.7	327	128	165
1952.....	16.6	26.9	43.5	339	129	169
1953.....	16.2	27.2	43.4	331	131	169

Note that Federal civilian employees are now over three times as numerous in proportion to the total population as they were in 1929 while State and local employees are about one-third greater. For government as a whole, the civilian employees per capita of total population have increased nearly 70 percent over those of 1929.

These trends are shown graphically on charts 1 and 2 and the supporting data as they exist for the period from 1900 to 1953 on the accompanying data sheet 1.

Because governmental employees have no part in the production of economic goods and on the contrary must be supported by those who do, it will be informative to show the comparison between governmental civilian employees and the nongovernmental labor force. This comparison is shown in table 10 herewith:

TABLE 10.—Government civilian employees versus other civilian employees

	Total government	Other than government	Government civilian employees per 100 other employees	
			Actual	Percent of 1929
	<i>Millions</i>	<i>Millions</i>		
1930.....	3.15	46.1	6.7	100
1940.....	4.19	51.4	8.2	122
1945.....	5.97	47.9	12.5	187
1950.....	5.99	57.1	10.5	157
1951.....	6.37	56.5	11.3	169
1952.....	6.63	56.4	11.8	176
1953.....	6.67	56.7	11.8	176

These data show that as of 1953 there were virtually 12 Government employees for every 100 other workers, excluding all military forces. The increase since 1930 has been 76 percent. From the economic standpoint a parasitic load of 12 employees for every 100 others is quite a burden to bear.

The military forces of the United States have purposely been omitted from consideration in the two foregoing tables. It is of interest to note, however, that the inclusion of these military forces for the years 1951 and 1952 respectively would show 16.7 and 18.2 total governmental employees that must be supported by each 100 other workers in the United States. Indeed a heavy load.

Trends for all years from 1929 to 1953 are shown on chart 3 and in the accompanying data sheet 2.

It should be noted that the trends for the years 1948-53 shown on charts 1, 2, and 3 are continuations of the upward trends which began in the early 1930's and show no indication of change. Here in physical rather than financial terms is evidence of the "revolution" mentioned in the beginning of this report. This observation will be confirmed by still another instance of expansion measured by the increase in the number of departments and agencies in the executive branch of the Federal Government. These data apply only to major groups and not to their recognized subdivisions or components.

TABLE 11.—*Departments and agencies in the executive branch*

1926	31	1930	37	1952	69
1927	31	1940	47	1953	69
1928	31	1950	61		
1929	31	1951	69		

The data which follow will measure the increased operations in financial terms. Federal receipts and expenditures: The ensuing as well as the foregoing data are shown upon a per capita basis rather than in totals only as it is to be expected that total expenditures and taxes will normally rise as the population increases. An increase on a per capita basis calls for analysis and explanation.

In the following table a comparison is shown on both a total and a per capita basis between Federal receipts and expenditures. The term "receipts" naturally includes income from all forms of taxation including income, capital gains, excises, customs, etc.

TABLE 12.—*Ordinary Federal receipts and expenditures*

	In billions		Revenue per capita	Expenditures per capita
	Revenue	Expenditures		
1930	\$4.178	\$3.440	\$33.90	\$27.95
1940	5.265	9.183	40.00	69.60
1945	44.762	98.703	320.50	706.80
1948	42.211	33.791	288.00	231.00
1949	38.246	40.057	256.50	268.20
1950	37.045	40.167	245.00	265.00
1951	48.143	44.633	311.80	289.00
1952	62.129	66.145	396.00	421.00
1953	65.218	74.607	410.00	466.50

These data in per capital trends since 1900 are shown graphically on chart 4. As in the prior tables, there is no evidence of a declining trend in the actual data.

Federal, State, and local taxes: Further light is thrown on tax trends by comparing increases in population and taxes since 1930. This information is given in table 13.

TABLE 13.—Comparative increases in taxes and population excluding social security taxes<sup>1</sup>

[In millions]

	Population	Federal taxes	State and local taxes	Percentage of 1929		
				Population	Federal taxes	State and local taxes
1930.....	123.1	\$3,517	\$6,798	101.2	105.1	105.7
1940.....	131.8	4,921	7,997	108.5	147.6	124.4
1945.....	139.6	40,989	9,193	115.0	1,228.0	143.0
1948.....	146.6	37,636	13,342	120.7	1,129.0	207.5
1949.....	149.1	35,590	14,790	122.1	1,066.0	230.0
1950.....	151.1	34,955	15,914	124.4	1,049.0	247.5
1951.....	154.4	45,984	17,554	127.0	1,378.0	273.0
1952.....	157.0	59,535	-----	129.1	1,785.0	-----
1953.....	159.7	62,656	-----	131.3	1,878.0	-----

<sup>1</sup> Except portion used for administrative social security costs.

Maximum activity in the Korean war occurred in 1952 and in World War II in 1945. Despite the relatively smaller operation represented by the Korean war, Federal taxes in 1952 were 45 percent greater than in 1945. In the meantime the Federal debt has not been decreased but is rising and pressure for higher debt limit has not been removed. The reasons for some of this great increase have been indicated in the prior tables.

Annual data including those shown in table 13 for the period from 1916 to 1951 are given in data sheet 3 and are shown graphically on chart 5. The striking comparison between the increases of Federal taxation and of State and local taxation and of both in comparison with the increase of population justifies some comment on the difference. Obviously State and local taxation by 1951 had increased 173 percent since 1929 while population has increased but 54 percent.

Federal taxation in the same time has increased 1,278 percent or nearly 13 times with no decrease in Federal debt and strong prospects of further increase. The postwar trend merely continues that established before World War II, although it is of course higher than it would have been had the war not occurred.

On the other hand tables 9 and 10 and charts 1, 2 and 3 indicate conclusively that civilian employees in Government show an increasing trend, particularly in the Federal Government since the early thirties. This measure is quite independent of continuing financial increases due to costs introduced by war.

It seems natural to assume that real "welfare" needs should be most apparent in the localities where they exist and that State and local taxes would show a responsive trend. The fact that such "on-the-spot" trends are but a fraction of the Federal trends may indicate the correctness of the early statement that the revolution "could only be achieved through carefully coordinated effort by a relatively small group centered at policy making levels," a group possibly composed of "politicians, college professors and lawyers" as quoted in the first paragraph. The comparison also warrants the inference that local control of spending and taxes is more effective than remote control which impairs both knowledge and understanding.

Taxes as a percentage of national income: It will be of informative value to show the trend of taxes as a percentage of national income which provides the fund out of which taxes must be paid. The following table for the years shown will indicate such percentage and the trend.

TABLE 14.—*National income versus total Federal, State, and local taxes in billions by calendar years*

	National income	Total taxes	Taxes as percent of income
1929.....	\$87.4	\$10.30	11.8
1930.....	75.0	9.77	13.0
1940.....	81.3	16.95	20.9
1945.....	182.7	52.52	28.7
1948.....	223.5	58.10	26.0
1949.....	216.3	54.93	25.4
1950.....	250.6	67.75	28.2
1951.....	278.4	84.56	30.4

Taxes as a percent of national income increased from 11.8 in 1929 to 30.4 in 1951. In other words, the tax bite took 18.6 cents or 158 percent more out of the income dollar in 1951 than it did in 1929, a prosperous though shaky year. This is another illustration of the effect on private income caused by the expanding activities of Government.

Government debt and national income: It might be expected that the increasing percentage of national income that is taken in taxes would result in some reduction of the national debt. It is now 8½ years since the close of World War II. Taxes have been increasing but so has the debt which is now pushing through its legal ceiling. The difficulty in visualizing the relationships between debt, income, and population when all are changing makes it advisable to express income and debt in terms of the population. This has been done in the following table wherein both are expressed in terms of the family as a unit because it has more personal significance than a per capita basis.

TABLE 15.—*National income and national debt per family*

	National income (billions)	Number families (millions)	National income per family	Federal debt per family
1929.....	\$87.4	29.40	\$2,972	\$576
1930.....	75.0	29.90	2,510	542
1940.....	81.3	34.95	2,325	1,230
1945.....	182.7	37.50	4,870	6,900
1948.....	223.5	40.72	5,490	6,200
1949.....	216.3	42.11	5,140	6,000
1950.....	240.6	43.47	5,530	5,930
1951.....	278.4	44.56	6,250	5,760
1952.....	291.6	45.46	6,415	5,700
1953 <sup>1</sup> .....	306.0	47.50	6,440	5,600

<sup>1</sup> Estimated.

National income per family increased 250 percent in current dollars while the Federal debt per family increased 855 percent.

The foregoing data in decennial terms from 1900 to 1930 and in annual terms from 1929 to 1953 are shown on data sheet 6 and income and debt per family on chart 7.

The amount of debt overhanging a nation has a tremendous influence on that nation's solvency and therefore its stability under impact caused either by economic depression or additional forced expenditures to relieve depression or to prosecute another war. It has been stated many times that we as a Nation were in a vulnerable debt or credit condition when the collapse began in 1929. It will therefore be interesting to compare the conditions of 1929 with those of the present and of the time intervening.

Again, the comparisons will be upon a per-family basis and will show the changes in total private debt including corporate debt and total public debt compared with national income per family. The data follow in the next table:

TABLE 16.—*Comparative debt and income per family*

	Private debt	Total public and private debt	National income per family
1929.....	\$5,500	\$6,500	\$2,972
1930.....	5,380	6,400	2,510
1940.....	3,700	5,460	2,325
1945.....	3,755	10,860	4,870
1948.....	4,975	10,690	5,490
1949.....	4,985	10,600	5,140
1950.....	5,670	11,180	5,530
1951.....	6,230	11,650	6,250

While the total debt per family has nearly doubled, national income has somewhat more than kept pace with it. The disturbing factor from the standpoint of Federal financial stability is the fact that in the interval from 1929 to 1951, the Federal proportion of the total debt has increased from 15 to 46.5 percent.

The foregoing data in annual terms from 1929 to 1951 are given in data sheet 7 while the trends of private debt and total debt are shown on chart 8.

Gross national product: It is contended by some that internal Federal debt is of little importance and that no attempt should be made to place a ceiling upon it. Rather is it argued that an increase in public debt will be a needed stimulant to keep national production in step with our expanding population. It has also been argued as a part of this philosophy that the only safeguarding thing to watch is the ratio between national debt and gross national product and that the ratio now existing will provide a safe guide in such control. It will be of value to examine these factors in the light of these claims.

Gross national product may be defined as the total value of all goods and services produced in a period of time and usually valued in terms of current prices. It does not include allowances for capital consumption such as depletion, depreciation, and certain other adjustments. Efforts have been made to compute the value of gross national product at intervals over many years past. Gross national product has been tabulated for each year since 1929. The comparative data on gross national product and national debt are shown in table 17.

TABLE 17.—*Gross national product and national debt values in billions*

	Gross national product at current prices	Federal debt	Gross national product at 1929 prices <sup>1</sup>
1929.....	\$103.8	\$16.9	\$103.8
1930.....	90.9	16.2	93.4
1940.....	101.4	48.5	124.0
1945.....	215.2	259.1	205.0
1948.....	259.0	252.4	184.6
1949.....	258.2	252.8	186.0
1950.....	286.8	257.4	205.2
1951.....	329.8	255.3	217.0
1952.....	348.0	259.2	223.5
1953.....	<sup>2</sup> 366.0	266.1	234.0

<sup>1</sup> Consumer's prices.

<sup>2</sup> Estimated.

At current prices, gross national product increased 252 percent between 1929 and 1953 but at constant prices the increase was 125 percent. In the same interval Federal debt increased 1475 percent in current prices. It is this increase in Federal debt which in this recent philosophy is of no practical significance. The measure of control under this theory is the ratio between debt and gross national product.

Data in the foregoing table are shown from 1900 to date in data sheet 8—trend values only for 1900 to 1920. This information is shown in chart form on Chart 9. The dotted line shows what gross national product would have been at constant prices, in this case at consumers' prices of 1929, a year of high-level production. The lightly shaded area between the adjusted and unadjusted values after 1943 shows the inflationary spread due to postwar rising prices or in other words to the increased cost of living. A still greater area of inflation must be expected if the dollar is weakened by increasing Federal expenditures and debt.

Ratio of Federal debt to gross national product: Since, as has been previously mentioned, the ratio between Federal debt and gross national product has been suggested as an effective measure of control in the prevention of excessive debt, it will be well to observe the values of this ratio for a period of time embracing widely varying conditions in our national economy.

It will also be informative to show the effect of these policies of great Federal expenditure and high taxes on citizens' personal income after taxes as it relates to gross national product. This latter division of income is known as disposable personal income and together with its ratio to gross national product is shown in the following table:

TABLE 18.—*Gross national product, Federal debt and disposable personal income*

[Values in billions of current dollars]

	National product	Federal debt	Disposable personal income	Percent Federal debt, gross national product	Percent disposable personal income, gross national product
1929.....	\$103.8	\$16.9	\$82.5	16.3	79.4
1930.....	90.9	16.2	73.7	17.8	81.0
1940.....	101.4	48.5	75.7	47.8	74.7
1945.....	215.2	259.1	151.1	120.5	70.2
1948.....	259.0	252.4	188.4	97.5	72.7
1949.....	258.2	252.8	187.2	97.9	72.5
1950.....	286.8	257.4	205.8	89.8	76.7
1951.....	329.8	255.3	225.0	77.5	68.2
1952.....	348.0	259.2	235.0	74.5	67.5
1953 <sup>1</sup> .....	366.0	266.1	250.0	72.7	68.3

<sup>1</sup> Estimated.

It is apparent from the data that Federal debt increased from 16 percent of gross national product in 1929 to 73 percent in 1953. In the same period the citizens' share of their own income available for their own purposes declined from 79 to 68 percent of gross national product. This declining percentage of gross national product left to the consumer himself will be particularly noticeable when business volume declines to a more nearly normal level. This sacrifice has been made without any reduction in the total debt level. This is due largely to the Federal Government's increasing participation in what might be termed extracurricular activities based upon the conception of government defined in the Constitution and previously followed during our unprecedented rise in economic status.

The data in table 18 are shown in extended form since 1900 in data sheet 9 and on chart 10. The chart clearly indicates the tremendous change that has occurred in this ratio between Federal debt and gross national product. From 1900 to 1916 there was a steady decline in the ratio which averaged only 4.4 percent for the period. This means that the citizen was realizing a larger and larger percentage of his earnings for his own needs and desires.

The effect of debt arising in World War I is apparent in the increased ratio, but following the peak in 1921 there was a gradual decline to 16.3 percent in 1929 when the upward climb began again. Beginning in 1948, 3 years after the

end of World War II and 2 years before the Korean war, the Federal debt again began to climb.

The decline in ratio since 1948 is caused entirely by the abnormally high output of economic goods in terms of both volume and price and not by a decline in the debt level. This distinction is important. Gross national product is the arithmetical product of price multiplied by physical volume. Physical volume lately has been abnormally high because extensive military rearmament has been underway since World War II, not only for ourselves but for other nations.

Physical volume was also increased by certain relief measures and military aid for other countries and production to meet domestic demand deferred by World War II. In addition, prices have risen 49 percent since 1945. The point to be emphasized is that the physical volume of output for the period since 1940 has been abnormally high due to production for war and its waste and for demand deferred from wartime. Without another war we cannot hope to maintain this physical output regardless of what happens to prices and it should not be considered a function of Government to try it.

Disposable personal income: The citizen's reduced share of his own personal income as a percentage of the goods and services he creates is also portrayed on chart 10. The declining trend shown in table 18 is clearly defined on the chart. The trend was even more sharply downward prior to 1943 when wartime output increased greatly and to be continued, as previously mentioned, by renewed abnormal production for military purposes and deferred civilian demand.

The larger the share of production and its value absorbed by Government, the less the citizen has for his own choice of expenditures. The following data are taken from the Economic Report of the President for 1954.

TABLE 19.—Percentage of gross national product, personal versus governmental purchases

Year	Personal consumption expenditure	Total Government purchases
	Percent	Percent
1930.....	78.0	10.1
1947.....	71.0	12.3
1948.....	68.7	14.1
1949.....	69.9	16.9
1950.....	67.9	14.6
1951.....	63.1	19.1
1952.....	62.7	22.3
1953 <sup>1</sup> .....	62.6	22.7

<sup>1</sup> Estimates.

Here indeed in the declining share of his own output that is allotted to him is one result of the revolution at work.

The extraordinary expenditures of Government beginning in the early thirties are continuing with increasing volume.

Changes in post war policies: Changes in governmental policy with respect to expanding participation in and control of our economic activities has been repeatedly emphasized in this study. Further light on these policies and their effect may be shown by reference to the long-term history of prices in this country. On chart 11, the trend of wholesale commodity prices<sup>2</sup> in terms of 1910-14 as 100 percent are charted. Two outstanding features of this long-term trend are obvious at once:

1. The great price peaks that occur as a result of war.

2. Even in annual terms there is no such thing as price stability or normal prices.

A glance at the chart and consideration of the continuous change in the price level should suggest the impossibility of price stabilization by the Government. Complete regulation of all things economic within the country and complete insulation from all influences from without would be essential. Manifestly this is impossible. The payment of subsidy, as in agriculture, is to admit the impossibility of price control and to continue subsidy is to encourage excess production and high governmental expenditure with its evil results.

<sup>2</sup> Data for 1800-1933 from Gold and Prices by Warren and Pearson. Data for 1934 to date derived from Statistics by U. S. Department of Labor.

Without war the great price peaks with their resultant periods of chaos would not occur. With war, they may be temporarily distorted or deferred but the effects of abnormal war conditions cannot be permanently averted. One of the unavoidable features of war is that the cost must be paid in full in one way or another. There is no relief from this.

The great price recessions following the War of 1812, the Civil War, and World War I are typical of those which have occurred throughout history in other countries after major wars. It has now been over 8 years since hostilities ceased in World War II. Within 8 years following the close of hostilities in the prior wars mentioned, price declines from the peak values were as follows:

TABLE 20.—Price declines 8 years after war

	Percent
War of 1812.....	42
Civil War.....	33
World War I.....	35
World War II.....	3.7

The depreciation of the dollar in terms of gold in 1934 would prevent an ultimate decline of prices to the low levels following earlier wars. The closer price control in effect during World War II retarded the price increase and the advent of the Korean war has helped to sustain if not to increase the latest price peak.

Present policy seems to be to prevent any such decline as we have sustained after past wars. Painful and disturbing as they were, these past declines at least resulted in paying much of the cost of the war in money of approximately the same value as that which was borrowed for its prosecution, and that except for the duration of the price peaks, those who depended upon fixed income for their living expenses were not permanently deprived of much of their purchasing power.

The new economic and debt policies seem to be designed in an effort to maintain productive activity and prices at or near the present plateau. The deluge of complaints that flow forth when a small decline from the recent peak occurs seems to indicate an unwillingness and lack of courage to face the responsibilities for our actions. This tendency is not limited to any one class or group in our citizenry. This softening of character is probably to be expected as a result of the protective and paternalistic attitude and activities assumed by Government in recent years. This may be due largely to an increased emphasis on expediency rather than to a lessening of integrity, or it may be due to both. Be that as it may, the continuation of the new philosophy will mean the retention of high-debt levels, high governmental expenses, and a high cost of living. It is important not only to balance the Federal budget but to balance it at a lower level of cost. There is no margin of safety in the advent of a serious depression or of a new war.

This is a most important point from the standpoint of public interest. In the event of a depression, Government income will drop far more rapidly than the volume of business declines. Government expenses will not decline but will increase greatly if they "remain a significant sustaining factor in the economy" as stated in the President's Economic Report. This means additional deficit financing of large magnitude and therefore increasing public debt to unmanageable proportions.

The possibility of this coming to pass is indicated by the National Resources Planning Board in a pamphlet of its issue under the title, "Full Employment Security—Building America." The Board asks:

1. What policies should determine the proportion of required Government outlay which should be met by taxation and by borrowing?
2. What special methods of financing, such as non-interest-bearing notes, might be used?

What are the non-interest-bearing notes to which reference is made? This is merely a euphonious term for paper money, a product of the printing press. But this paper money is also a debt of the nation. The various denominations of paper money are non-interest-bearing demand notes, payable by the Government to the holders on demand by them. The phraseology on the notes indicates this and the Supreme Court has so held:

In the case of *Bank v. Supervisors* (7 Wall., '31), Chief Justice Chase says: "But on the other hand it is equally clear that these notes are obligations of the United States. Their name imports obligations. Every one of them expresses upon its face an engagement of the Nation to pay the bearer a certain sum. The dollar note is an engagement to pay a dollar, and the dollar intended is the



coined dollar of the United States, a certain quantity in weight and fineness of gold or silver, authenticated as such by the stamp of the Government. No other dollars had before been recognized by the legislation of the National Government as lawful money."

And in 12 Wallace, 560, Justice Bradley says:

"No one supposes that these Government certificates are never to be paid; that the day of specie payments is never to return. And it matters not in what form they are issues ----- Through whatever changes they pass, their ultimate destiny is to be paid."

In commenting upon these decisions Senator John Sherman said in the Senate of the United States:

"Thus then, it is settled that this note is not a dollar but a debt due."

Aside from the fact that paper money outstanding is strictly speaking a debt of the Nation, the importance of the non-interest-bearing note question raised by the National Resources Planning Board lies in the threat of greatly increased supply of paper money. The effect of such action if taken will be a renewed stimulation of drastic inflation with all its evil results.

Based upon the most reliable data available<sup>3</sup> our margin of national solvency is rather small. According to these figures the total debt of all forms, public and private, in the United States was 86.5 percent of the total wealth, public and private, in the country in 1944. Since 1944, prices have risen due to inflation, generally from 40 to 50 percent.

In terms of current prices, this raises the value of national wealth. For this reason and because the total debt of the country, public and private, increased only about one-third as much as prices, the ratio of debt to wealth as of 1948, had dropped to 63 percent. While later data are not available, the comparative increases in prices and debt by the end of 1951 lead to the conclusion that this ratio of debt to wealth may be somewhat higher at the present time. In 1929, the debt-wealth ratio was 51 percent. In the interval from 1929 to 1948 the ratio of Federal debt to national income (from which debt is paid) increased from 4 to 32 percent. The influence of public debt on the integrity of money values is far greater than the influence of private debt can possibly be.

If income goes down and debt goes up there will be a double adverse leverage on the debt situation as measured by the ability to pay. If increased Federal expenditures fail to work in stemming the depression, the situation will be loaded with inflationary dynamite to the permanent detriment of all of us. The present high level of prices is quite a springboard from which to take off.

Industrial production in the United States: Industrial activity is of overwhelming importance in the economic life of the Nation. On chart 12 is shown in graphic form a measure of this activity year by year since 1900. The smooth line marked "calculated normal trend" was computed from two long series of data and is based on the period from 1898 through 1940. The rising trend is based on the increase in population from 1900 through 1953 and the annual rise in productivity due to increased efficiency from 1898 to 1941. With this trend as a starting point, the data made available monthly by the Cleveland Trust Co. were used to compute the total production as shown. The Cleveland Trust Co. is in no way responsible for the index values of total production as shown on the chart. The dotted line shows the corresponding index as published by the Federal Reserve Board.

Except for the war years, the agreement between these two series is close. The disagreement during the war period is possibly due to the inclusion by the Federal Reserve Board of certain labor-hour data in computing physical output—a method not followed by the Cleveland Trust Co.

The long-sustained upward progression in our productivity is a testimonial to the industry and technical ability of our people. The increasing output in terms of both efficiency and volume is the only source of our high and continued rise in standard of living. It shows no abatement. The temporary interruptions we call depressions are deviations from trends and are to be expected until we recognize their causes and if possible counteract them.

The significant part of the long-term trend at this time is from 1940 to date. Since 1940, industrial output has been accelerated far beyond normal peacetime requirements by the wasteful consumption and demand created by war. This was followed by a resurgence of civilian demand composed of new and deferred replacement needs. Before this was satisfied new military preparations were resumed and the Korean war began.

<sup>3</sup> See vol. 14 of Studies in Income and Wealth by National Bureau of Economic Research, 1951.

Only with the stoppage of hostilities in that area has demand begun to slacken although it is still fortified by continued production of munitions for war, some of which we still supply to other countries. This sustained abnormal production is evident on chart 12. Some of the more optimistic interpretations of these characteristics are inclined to consider that we have embarked upon a new and steeper trend to be traced from the beginning of recovery in the thirties to the present time.

Obviously, the assumption that this is a normal trend discounts completely the abnormally low starting point at the bottom of the depression and the causes for the sustained bulge previously mentioned. It also assumes an increase in productive efficiency that is not warranted by the facts. For years, the annual increase due to improving productivity has been approximately 3 percent.

An increase to 3.5 percent would mean an overall improvement of 17 percent in productivity accomplished almost overnight. During the wartime portion of this period great numbers of unskilled employees were engaged in productive work and many overtime hours were also utilized. Both of these factors reduce output per employee hour. Furthermore, the increasing practice of sharing the work and of limitations of output by labor unions have tended to offset what would otherwise mean further gains in productivity.

The reason for the discussion of this point is the emphasis placed on the conclusion that the level of output since 1940 is abnormal unless we assume that war and preparation for war are normal and that the great deferred demand for housing, clothing, automobiles, and other articles was nonexistent.

For the Government to attempt to offset a return to normal peacetime levels of output is to force a return to deficit financing on such a scale as to endanger seriously the present value of the dollar. Then would follow further increases in the cost of living and to the extent that it would occur, a further repudiation of public debt.

Conclusions: The 20-year record of expanding Federal expenditures for housing, slum clearance, public works, nutrition, public health, social security, education, and agricultural support clearly outlines the course of Federal procedure. The great and increasing expenditures for the purposes just listed have been made not in a period of declining output or depression, but simultaneously with and in further stimulation of the greatest output in our history. This undue and unwise stimulation, when output was already high, will make a return to normal conditions additionally hard to bear or to prevent if Federal expenditure is used for this purpose. The designation of "welfare state" seems to be well earned under the developments of recent years. Perhaps the philosophy behind it might be summarized in a remark made by Justice William O. Douglas in a speech made in Los Angeles in February 1949.

The sound direction of the countermovement to communism in the democracies—is the creation of the human welfare state—the great political invention of the 20th century."

Of course, this is not an invention of the 20th century. It was, for example, practiced by ancient Greece and Rome to their great disadvantage.

It would seem to be countering communism by surrendering to it, wherein the state assumes the ascendancy over the individual and the responsibility for his personal welfare and security. It would seem more courageous and forthright for the Government to cease the cultivation of clamoring minorities, for those minorities to stop demanding special favor in their behalf and for the Nation as a whole to maintain its integrity by its willingness to pay the cost of its deeds and misdeeds. Public interest many times requires the suppression of self-interest and under our Constitution requires the maintenance of the Nation intact for posterity.

Early in this study, there were listed the five channels of increased Federal expenditure which the proponents of the welfare activities of Government suggested. In tables 1 to 8 are listed the growing expenditures of the Government under these classifications. The viewpoint that these activities are not in accordance with our constitutional provisions is supported in principle by the following opinions of the Supreme Court Justices quoted:

"There can be no lawful tax which is not laid for a public purpose." (Justice Miller, 20 Wallace 655; 1874); and again:

"Tax—as used in the Constitution, signifies an exaction for the support of the Government. The word has never been thought to connote expropriation of money from one group for the benefit of another." (Justice Roberts, *United States v. Butler* (297 US; 1936).)

It is the departure from these long-standing principles that in a large measure is the "revolution" which its proponents are announcing and endorsing.

Power travels with money. It is not feasible for the Federal Government to assume the responsibility for collecting or printing money and for doling it out to State and local governments and their citizens without imposing the conditions upon which it will be spent. Thus by indirection Federal power will grow and insidiously penetrate the areas reserved by the Constitution to the States and their citizens.

Former Supreme Court Justice and Secretary of State James F. Byrnes, now Governor of South Carolina has said:

We are going down the road to statism. Where we will wind up no one can tell, but if some of the new programs should be adopted, there is danger that the individual—whether farmer, worker, manufacturer, lawyer or doctor—will soon be an economic slave pulling an oar in the galley of the state.

The increasing confiscation of income through the power to tax, confirms the thought expressed by Mr. Byrnes. We are on the road and it runs downhill. The evidence is strong.

Abraham Lincoln once expressed his convictions on this relationship in the following words:

"The maintenance inviolate of the rights of the states, and especially the right of each state to order and control its own domestic institutions, according to its own judgment exclusively, is essential to the balance of powers on which the perfection and endurance of our political fabric depend."

The conviction persists that the increasing welfare activities in which the Federal Government has been engaged for 20 years can only come to some such end as previously suggested if they are continued. It also seems certain that heavy Federal expenditures to counteract a depression will prove ineffective. Those important industries whose decline leads us into a depression are the ones whose expansion should take us out of it.

An increase in road building will not put idle automobile mechanics back to work, nor will a rash of public building construction or alleviation of mortgage terms send unemployed textile workers back to their spindles and looms. Proposed governmental measures will not be successful because they do not strike at the causes of the trouble they seek to cure. After all, these same things were tried in the long depression of the thirties without success. Pump priming did not pay.

There is no thought or conclusion to be derived from this study that Government has no responsibility in meeting the extraordinary conditions imposed by crises due to financial or other causes. In the "arsenal of weapons" as mentioned in the Economic Report of the President are certain responsibilities and procedures available for use as the need may develop. Undoubtedly, the most important of these, implicit even if not specifically mentioned, is the maintenance of the integrity and value of our money and of our credit system. The ventures into "revolutionary" and socialistic fields of expenditure and especially in expanding volume to stem a depression will be hazardous to and in conflict with this major responsibility.

These two conceptions are completely antagonistic especially because our tax and debt levels are so high as to leave little or no margin of financial safety. Our recurring "crises" have been utilized in accelerating the progress of the "revolution" which we are undergoing. A further depreciation of our currency value would provide opportunity for additional acceleration in the same direction.

In *The New Philosophy of Public Debt*, Mr. Harold G. Moulton, president of the Brookings Institution, says:

"The preservation of fiscal stability is indispensable to the maintenance of monetary stability \* \* \*. It is indispensable to the prevention of inflation with its distorting effects on the price and wage structure, and thus to the maintenance of social and political stability."

As someone has said, "What the government gives away, it takes away," and this is true even if it comes from the printing presses.

Perhaps this study can be closed in no better manner than to quote from a statement<sup>4</sup> by Mr. Dwight D. Eisenhower while president of Columbia University:

"I firmly believe that the army of persons who urge greater and greater centralization of authority and greater and greater dependence upon the Federal Treasury are really more dangerous to our form of government than any external threat that can possibly be arrayed against us."

<sup>4</sup> Dwight D. Eisenhower, in letter to Ralph W. Gwinn, dated Columbia University, New York, June 7, 1949, in opposition to a general Federal-aid-to-education program. (Congressional Record, 81st Cong., 1st sess., vol. 95, p. 14, p. A3690.)

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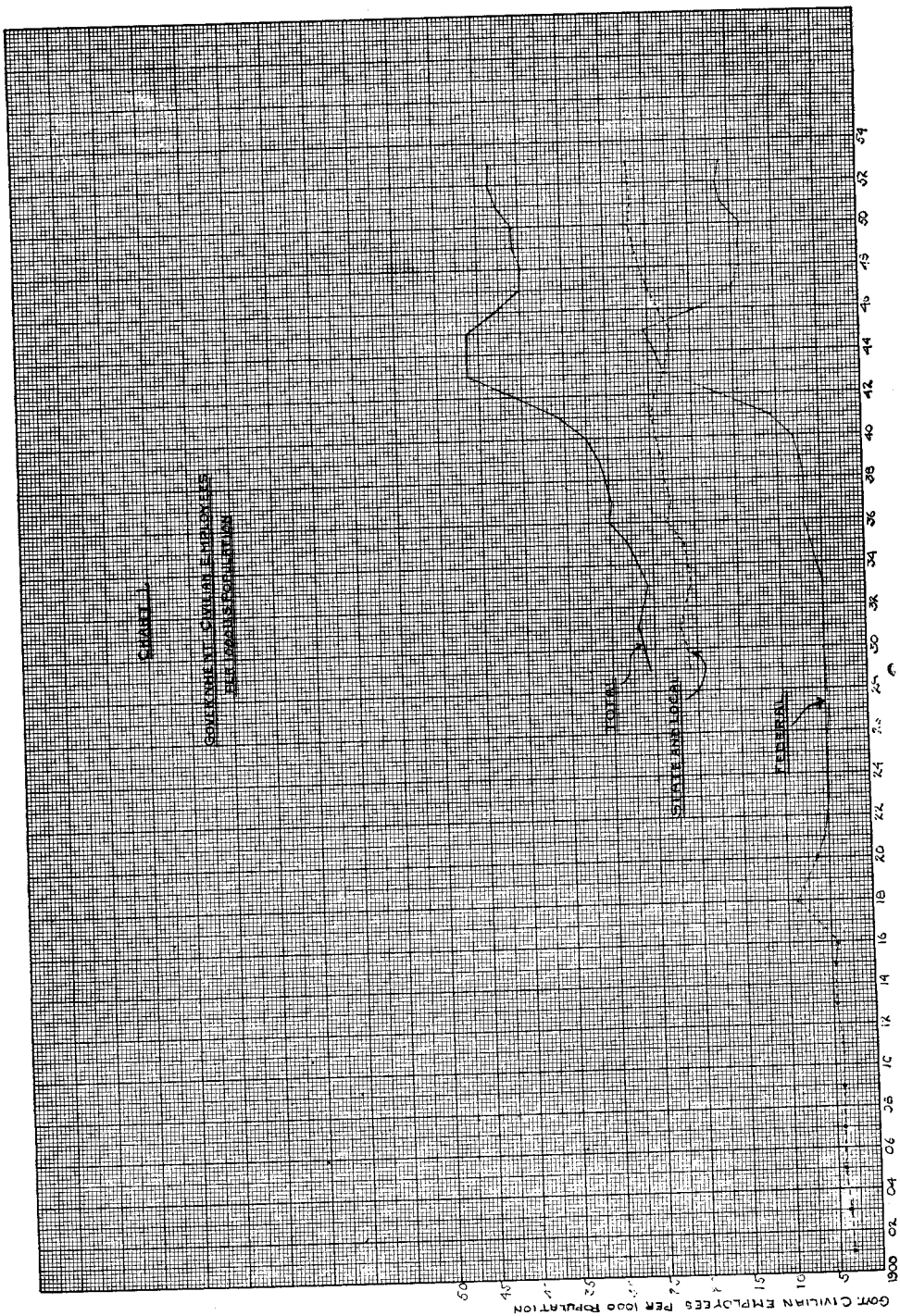
## DATA SHEET 1, CHART 1

*Government civilian employees*

	Federal employees per 1,000 population	State and local employees per 1,000 population	Total Government employees per 1,000 population	Federal	State and local	Total
1901.....						
1902.....	3.3					
1903.....						
1904.....	3.7					
1905.....						
1906.....	4.2					
1907.....						
1908.....	4.1					
1909.....						
1910.....	4.1					
1911.....						
1912.....	4.0					
1913.....						
1914.....	4.6					
1915.....	4.6					
1916.....						
1917.....	4.3					
1918.....						
1919.....	8.8					
1920.....	6.5					
1921.....	5.5					
1922.....	5.1					
1923.....	4.9					
1924.....	4.9					
1925.....	4.9					
1926.....	4.8					
1927.....	4.7					
1928.....	4.8					
1929.....	4.9	20.8	25.7	100.0	100.0	100.0
1930.....	5.0	21.3	26.3	102.0	102.4	102.3
1931.....	5.0	21.8	26.8	102.0	104.8	104.2
1932.....	5.0	21.4	26.4	102.0	102.8	102.7
1933.....	5.0	20.6	25.6	102.0	99.1	99.4
1934.....	5.7	20.9	26.6	116.4	100.5	103.5
1935.....	6.4	21.4	27.8	130.6	102.8	108.1
1936.....	7.0	23.3	30.0	142.9	112.0	116.6
1937.....	7.0	22.7	29.7	142.9	109.1	115.5
1938.....	6.9	23.5	30.4	141.0	112.9	117.5
1939.....	7.4	23.6	31.0	151.0	113.4	120.6
1940.....	8.2	24.3	32.5	167.5	116.8	126.5
1941.....	10.8	24.9	35.7	220.5	119.6	138.9
1942.....	16.6	24.3	40.9	339.0	116.8	159.1
1943.....	23.2	23.2	46.4	473.5	111.5	180.5
1944.....	24.2	22.6	46.8	494.0	108.6	182.0
1945.....	25.5	22.4	46.8	520.0	107.6	182.0
1946.....	19.1	23.7	42.8	390.0	113.9	166.5
1947.....	15.0	25.0	40.0	306.2	120.1	155.6
1948.....	14.1	25.8	39.9	288.0	124.0	155.2
1949.....	14.1	26.5	40.6	288.0	127.4	158.0
1950.....	13.8	27.1	40.9	281.8	130.2	159.1
1951.....	16.0	26.7	42.7	326.5	128.3	165.2
1952.....	16.6	26.9	43.5	339.0	129.3	169.2
1953.....	16.2	27.2	43.4	330.8	130.7	168.8

NOTE.—Indexes, 1929=100. Not charted.

Source: Data on governmental employment from Statistical Abstract of the United States, 1953. Federal employment, table 404, p. 379, State and local employment, table 424, p. 393.



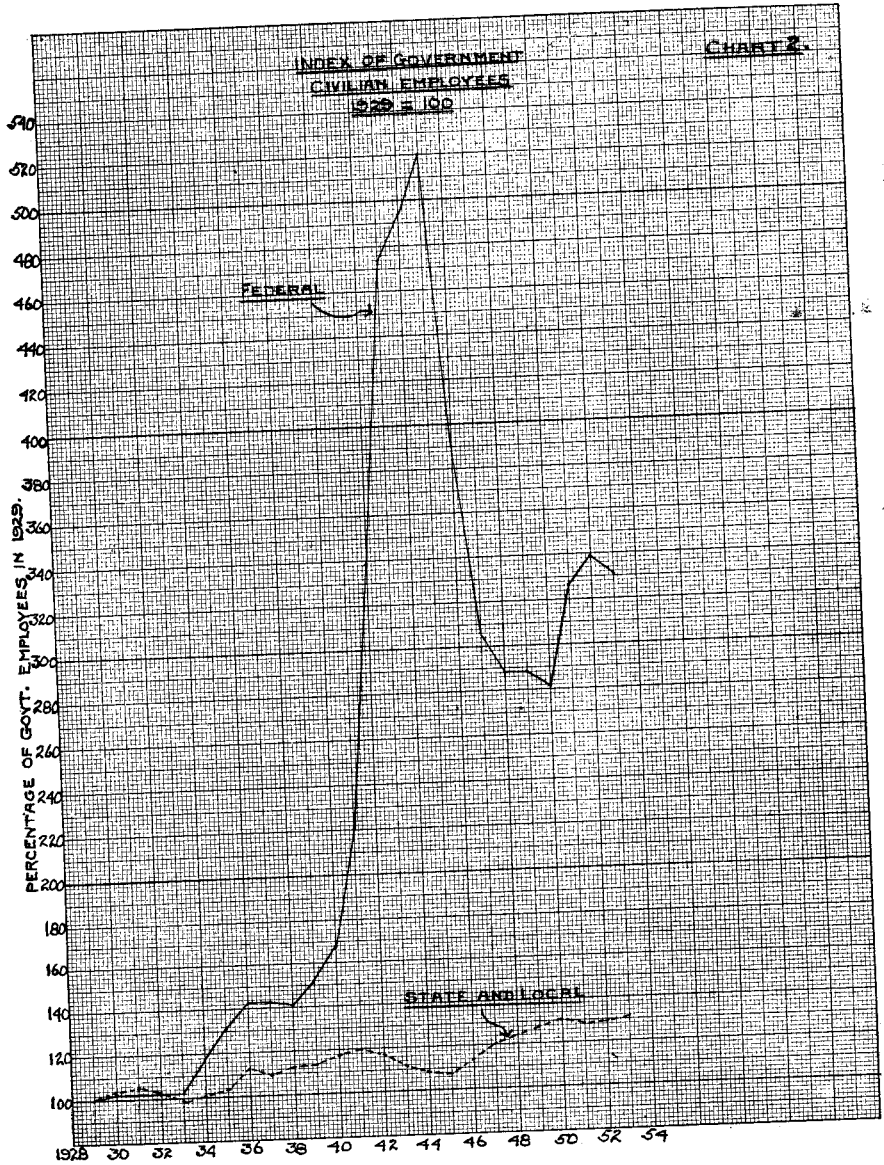
## TAX-EXEMPT FOUNDATIONS

## DATA SHEET 2, CHART 2 AND CHART 3

*Government civilian employees compared with other civilian employees*

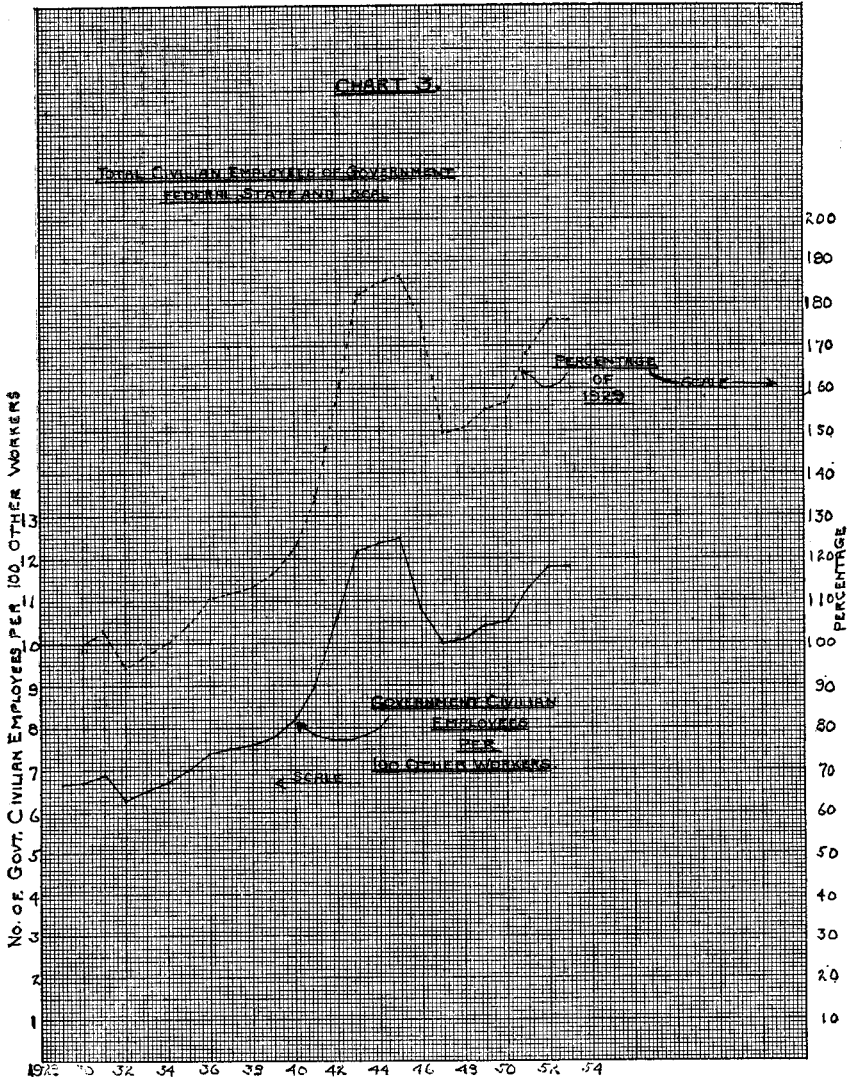
	In millions			Government employees per 100 other employees	Percent of 1929
	Total civilian labor force	Total civilian Government employees	Labor force other than Government		
1929	49.2	3.7	46.1	6.7	100.0
1930	49.8	3.1	46.7	6.7	100.0
1931	50.4	3.3	47.1	6.9	103.0
1932	51.0	3.2	47.8	6.3	94.0
1933	51.6	3.2	48.4	6.5	97.0
1934	52.2	3.3	48.9	6.7	100.0
1935	52.9	3.5	49.4	7.0	104.5
1936	53.4	3.7	49.7	7.4	110.4
1937	54.0	3.7	50.3	7.5	111.9
1938	54.6	3.9	50.7	7.6	113.4
1939	55.2	4.0	51.2	7.8	116.4
1940	55.6	4.2	51.4	8.2	122.4
1941	55.9	4.6	51.3	9.0	134.3
1942	56.4	5.4	51.0	10.6	158.1
1943	55.5	6.0	49.5	12.2	182.0
1944	54.6	6.0	48.6	12.4	185.0
1945	53.9	6.0	47.9	12.5	186.5
1946	57.5	5.6	51.9	10.8	176.0
1947	60.2	5.5	54.7	10.0	149.2
1948	61.4	5.6	55.8	10.1	150.7
1949	62.1	5.8	56.3	10.4	155.2
1950	63.1	6.0	57.1	10.5	156.6
1951	62.9	6.4	56.5	11.3	168.6
1952	63.0	6.6	56.4	11.8	176.0
1953	63.4	6.7	56.7	11.8	176.0

Source: Total civilian and Government civilian employees from economic report of the President, 1954. Total civilian labor force, table G16, p. 184. Total Government civilian labor force table G21, p. 189.









## TAX-EXEMPT FOUNDATIONS

## DATA SHEET 3, CHART 4

*Ordinary receipts and expenditures*

Year	Population	Total Federal	Total Federal	Total Federal	Total Federal
		revenue	expenditures	revenue per	expenditures
	<i>Millions</i>	<i>Billions</i>	<i>Billions</i>	capita	per capita
1900.....	76.0	\$0.567	\$0.521	\$7.46	\$6.87
1901.....	77.4	.588	.525	7.60	6.79
1902.....	79.2	.562	.485	7.10	6.12
1903.....	80.7	.562	.517	6.96	6.45
1904.....	82.3	.541	.584	6.57	7.10
1905.....	84.0	.544	.567	6.48	6.75
1906.....	85.5	.595	.570	6.96	6.66
1907.....	87.2	.666	.579	7.54	6.64
1908.....	88.8	.602	.659	6.78	7.42
1909.....	90.3	.604	.694	6.70	7.69
1910.....	92.0	.676	.694	7.35	7.54
1911.....	93.4	.702	.691	7.52	7.40
1912.....	95.0	.693	.690	7.30	7.27
1913.....	96.5	.724	.725	7.50	7.51
1914.....	98.1	.735	.735	7.49	7.50
1915.....	99.6	.698	.761	7.01	7.64
1916.....	101.2	.783	.742	7.74	7.33
1917.....	102.8	1.124	2.086	11.04	19.88
1918.....	104.3	4.180	13.792	40.00	132.10
1919.....	105.8	4.654	18.952	46.20	179.20
1920.....	107.2	6.704	6.142	62.50	57.30
1921.....	108.8	5.584	4.469	51.35	41.00
1922.....	110.4	4.103	3.196	37.20	28.95
1923.....	111.9	3.847	3.245	34.35	29.00
1924.....	113.5	3.884	2.946	34.20	25.95
1925.....	115.0	3.607	2.464	31.35	21.40
1926.....	116.6	3.908	3.030	33.50	25.84
1927.....	118.2	4.128	3.002	34.90	25.39
1928.....	119.8	4.038	3.071	33.70	25.33
1929.....	121.6	4.086	3.322	33.20	27.30
1930.....	123.1	4.178	3.440	33.90	27.95
1931.....	124.0	3.176	3.577	25.60	28.81
1932.....	124.8	1.924	4.659	15.40	37.30
1933.....	125.6	2.021	4.623	16.10	36.80
1934.....	126.4	3.064	6.694	24.25	52.90
1935.....	127.3	3.730	6.521	29.30	51.12
1936.....	128.1	4.068	8.493	31.71	66.30
1937.....	128.8	4.979	7.756	38.63	60.20
1938.....	129.8	5.762	6.938	44.40	53.40
1939.....	130.9	5.103	8.966	39.00	68.50
1940.....	131.8	5.265	9.183	40.00	69.60
1941.....	133.2	7.227	13.387	54.30	100.40
1942.....	134.7	12.696	34.187	94.30	253.80
1943.....	136.5	22.201	79.622	162.60	583.50
1944.....	138.1	43.892	95.315	317.70	690.00
1945.....	139.6	44.762	98.703	320.50	706.80
1946.....	141.2	40.027	60.703	283.50	430.00
1947.....	143.4	40.043	39.289	279.00	274.00
1948.....	146.6	42.211	33.791	288.00	231.00
1949.....	149.1	38.246	40.057	256.50	268.20
1950.....	151.1	37.045	40.167	245.00	265.00
1951.....	154.4	48.143	44.633	311.80	289.00
1952.....	157.0	62.129	66.145	396.00	421.00
1953.....	159.7	65.218	74.607	410.00	466.50

1930-35 Economic Almanac (1953-54) of the N. I. C. B., p. 517.

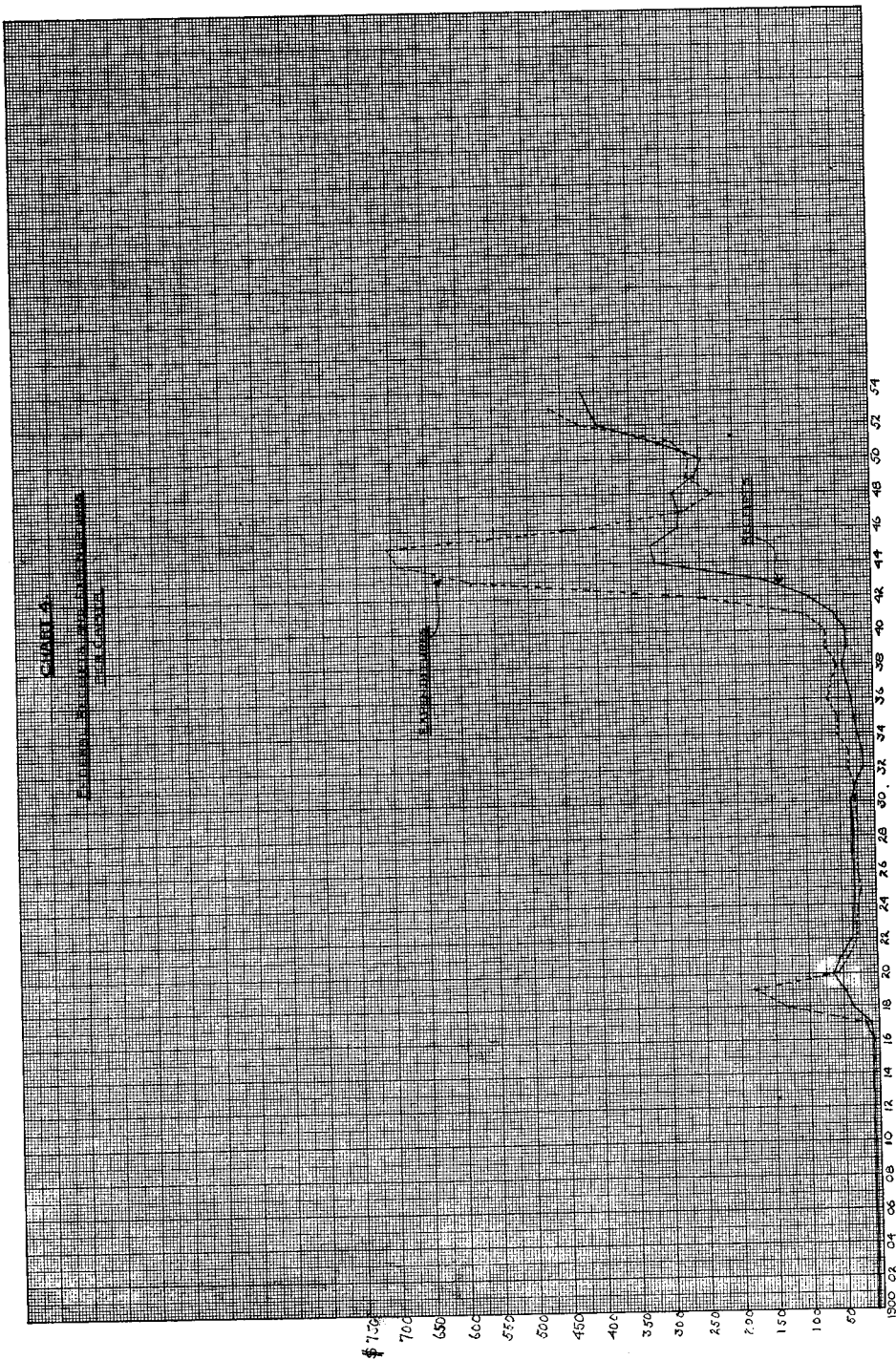
1936-52 Statistical Abstract of the United States, 1953, p. 337.

Expenditure data 1900-29 Statistical Abstract of the United States, 1930, p. 172.

1930-35 Economic Almanac (1953-54) of the N. I. C. B.

1935-52 Statistical Abstract of the United States, 1953, p. 340.

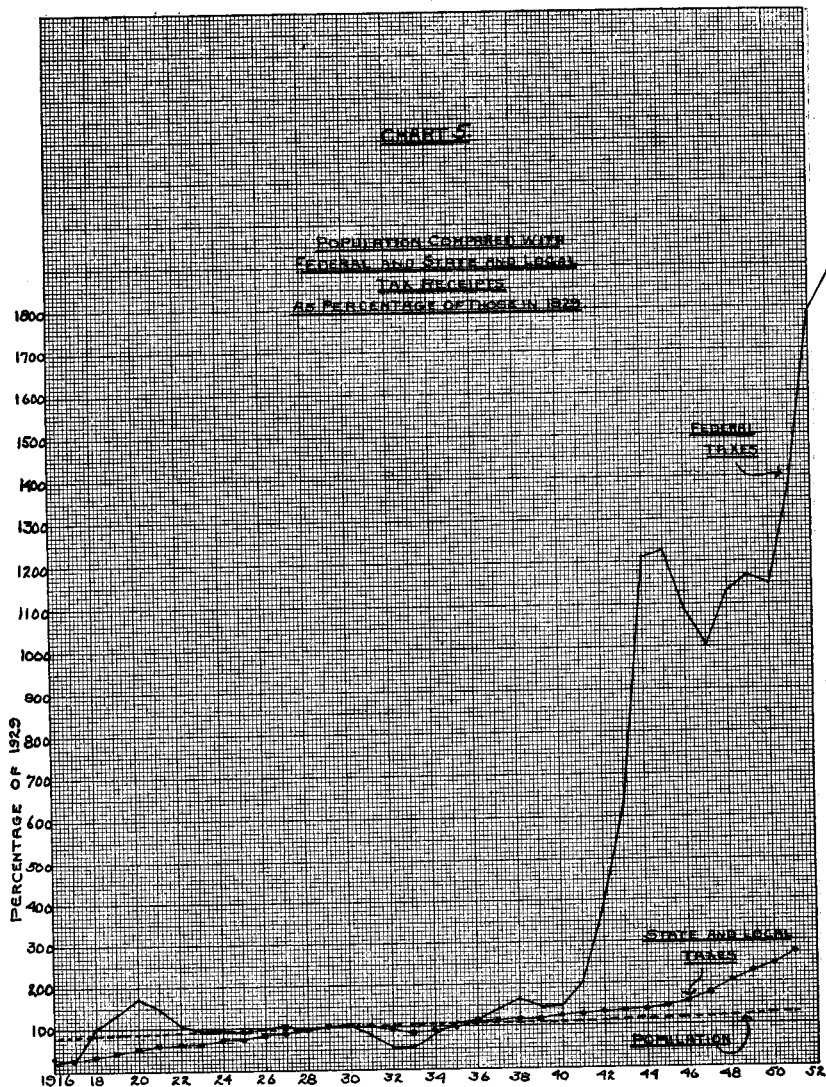
Source: Revenue data 1900-29 Statistical Abstract of the United States, 1929 p. 172.



## DATA SHEET 4, CHART 5

Year	Population	Federal taxes	State and local taxes	1929=100		State and local tax index
				Population index	Federal tax index	
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>			
1916.....	101.2	\$708	\$1,935	83.2	21.2	30.1
1917.....	102.8	1,015	1,923	84.6	30.8	29.9
1918.....	104.3	3,352	2,309	85.8	100.5	35.9
1919.....	105.8	4,482	2,923	87.0	134.5	45.5
1920.....	107.2	5,689	3,476	88.2	170.6	54.0
1921.....	108.8	4,917	3,895	89.5	147.5	60.6
1922.....	110.4	3,554	4,015	90.8	106.6	62.4
1923.....	111.9	3,052	4,202	92.0	91.4	65.4
1924.....	113.5	3,207	4,619	93.4	96.1	71.8
1925.....	115.0	2,974	4,918	95.0	89.1	76.5
1926.....	116.6	3,215	5,398	95.9	96.4	83.9
1927.....	118.2	3,345	5,722	97.2	100.3	89.0
1928.....	119.8	3,201	6,148	98.5	96.0	95.6
1929.....	121.6	3,337	6,431	100.0	100.0	100.0
1930.....	123.1	3,517	6,798	101.2	105.4	105.7
1931.....	124.0	2,739	6,583	102.2	82.0	102.4
1932.....	124.8	1,813	6,358	102.7	54.3	98.8
1933.....	125.6	1,805	5,715	103.4	54.1	88.9
1934.....	126.4	2,910	5,881	104.0	87.2	91.5
1935.....	127.3	3,557	6,185	104.8	106.6	96.2
1936.....	128.1	3,856	6,659	105.4	115.5	103.5
1937.....	128.8	4,771	7,421	103.0	143.1	115.5
1938.....	129.8	5,452	7,684	103.9	163.5	119.5
1939.....	130.9	4,813	7,638	107.6	144.4	118.7
1940.....	131.8	4,921	7,997	108.5	147.6	124.4
1941.....	133.2	6,889	8,315	109.5	206.7	129.3
1942.....	134.7	12,964	8,527	110.9	389.0	132.6
1943.....	136.5	21,037	8,653	112.4	632.0	134.6
1944.....	138.1	40,339	8,875	113.6	1,210.0	138.0
1945.....	139.6	40,989	9,193	115.0	1,228.0	143.0
1946.....	141.2	36,285	10,094	116.3	1,088.0	157.0
1947.....	143.4	35,132	11,654	117.9	1,054.0	179.7
1948.....	146.6	37,636	13,342	120.7	1,129.0	207.5
1949.....	149.1	35,590	14,790	122.1	1,036.0	230.0
1950.....	151.1	34,955	15,914	124.4	1,049.0	247.5
1951.....	154.4	45,984	17,554	127.0	1,378.0	273.0
1952.....	157.0	59,535	-----	129.1	1,785.0	-----
1953.....	159.7	62,656	-----	131.3	1,878.0	-----

Source: Tax revenue data from p. 516, Economic Almanac 1953-54, National Industrial Conference Board. Excludes social security taxes except that portion used for administration of social security system.



## TAX-EXEMPT FOUNDATIONS

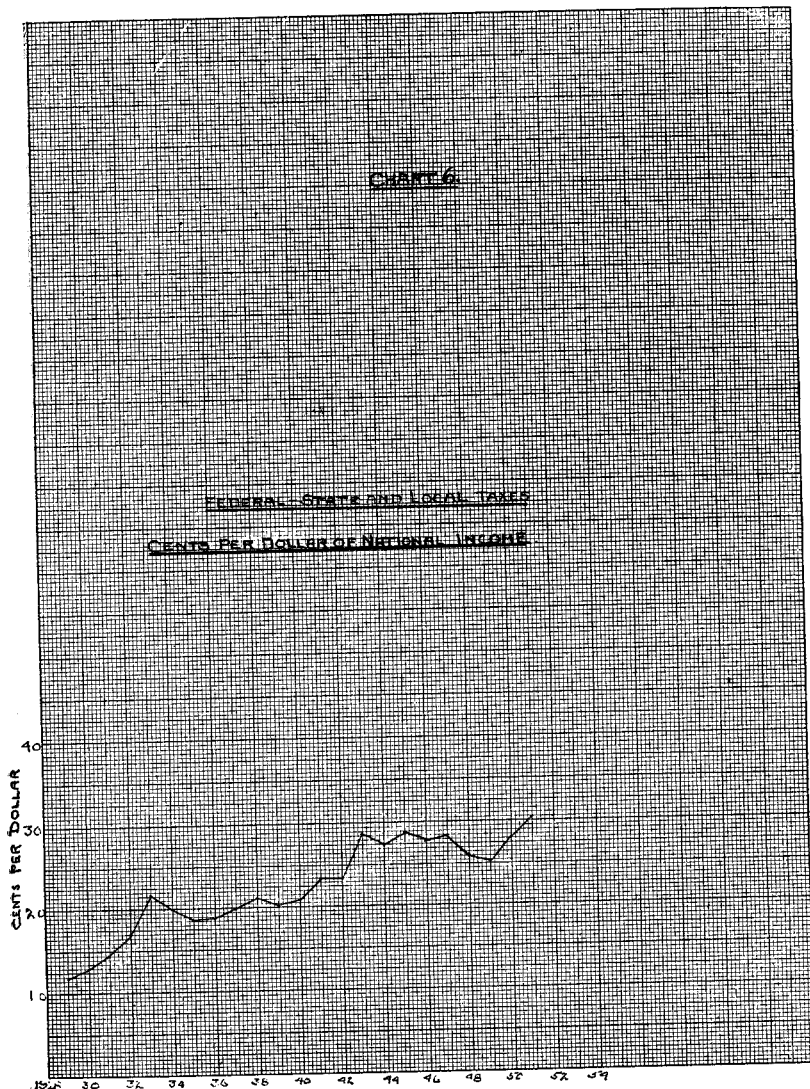
## DATA SHEET 5, CHART 6

*National income and tax receipts*

Tax receipts, calendar years—	National income, billions	Total, billions	Total per- cent of income	Tax receipts, calendar years—	National income, billions	Total, billions	Total per- cent of income
1929.....	\$87.4	\$10.30	11.8	1941.....	\$103.8	\$24.36	23.5
1930.....	75.0	9.77	13.0	1942.....	137.1	31.95	23.3
1931.....	58.9	8.54	14.5	1943.....	169.7	48.51	28.6
1932.....	41.7	8.00	17.0	1944.....	183.8	50.59	27.5
1933.....	39.6	8.54	21.6	1945.....	182.7	52.52	28.7
1934.....	48.6	9.68	19.9	1946.....	180.3	50.37	27.9
1935.....	56.8	10.59	18.7	1947.....	198.7	56.39	28.4
1936.....	64.7	12.14	18.8	1948.....	223.5	58.10	26.0
1937.....	73.6	14.57	19.8	1949.....	216.3	54.93	25.4
1938.....	67.4	14.20	21.1	1950.....	240.6	67.75	28.2
1939.....	72.5	14.58	20.1	1951.....	278.4	84.56	30.4
1940.....	81.3	16.95	20.9	1952.....	291.6	-----	-----

Source: National income, table G-7, Economic Report of the President, 1954.

Tax receipts, Department of Commerce via Facts and Figures on Government Finance, 1952-53, by the Tax Foundation. Table 90, p. 116.



## TAX-EXEMPT FOUNDATIONS

DATA SHEET 6, CHART 7

	National income, billions	Number of families, millions	National income per family	Federal debt per family	Difference, income over debt
1900.....	\$16.2	15.96	\$1,015	\$84	\$931
1910.....	28.2	20.26	1,392	57	1,335
1920.....	74.2	24.35	3,045	1,000	2,045
1929.....	87.4	29.40	2,972	576	1,396
1930.....	75.0	29.90	2,510	542	1,968
1931.....	58.9	31.24	1,885	538	1,347
1932.....	41.7	31.67	1,317	615	702
1933.....	39.6	32.16	1,232	702	530
1934.....	48.6	32.56	1,493	831	662
1935.....	56.8	33.09	1,718	868	850
1936.....	64.7	33.55	1,928	1,006	922
1937.....	73.6	34.00	2,164	1,072	1,092
1938.....	67.4	34.52	1,952	1,076	876
1939.....	72.5	35.60	2,035	1,135	900
1940.....	81.3	34.95	2,325	1,230	1,095
1941.....	103.8	35.85	2,895	1,365	1,530
1942.....	137.1	36.45	3,760	1,990	1,770
1943.....	169.7	36.88	4,600	3,710	890
1944.....	183.8	37.10	4,950	5,420	-470
1945.....	182.7	37.50	4,870	6,900	-2,030
1946.....	187.3	38.18	3,725	7,006	-3,281
1947.....	198.7	39.14	5,007	6,600	-1,593
1948.....	223.5	40.72	5,490	6,200	-710
1949.....	216.3	42.11	5,140	6,000	-860
1950.....	240.6	43.47	5,530	5,930	-400
1951.....	278.4	44.56	6,250	5,750	500
1952.....	291.6	45.46	6,415	5,700	715
1953.....	<sup>1</sup> 306.0	47.50	6,440	5,600	840

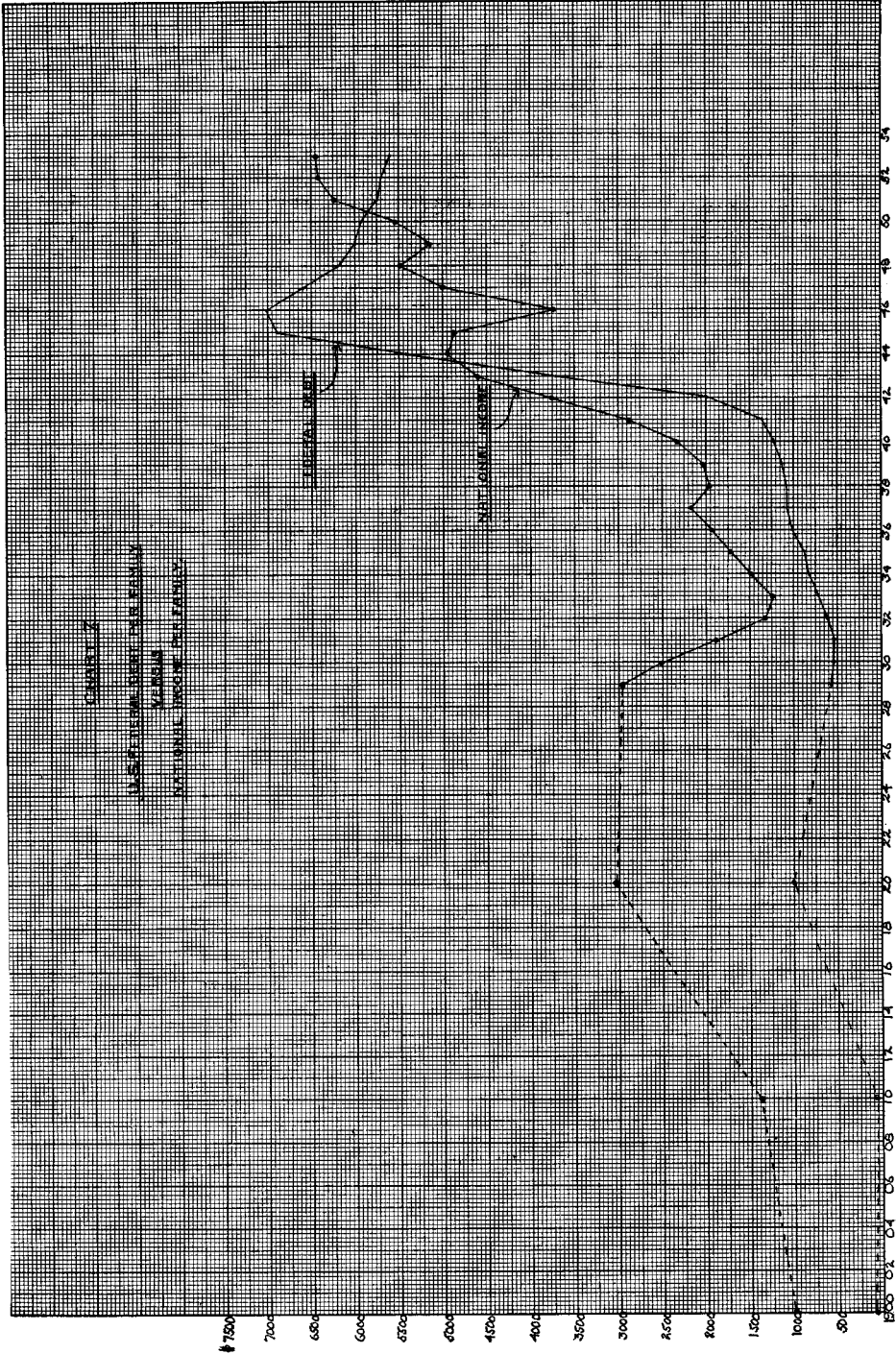
<sup>1</sup> Estimated.

Source: Income data, 1900, 1910, 1920, estimated based on NBER data in "National Productivity Since 1869."

1929-52, the Economic Report of the President, 1954, table G-7.

Number of families based on United States census data.





## TAX-EXEMPT FOUNDATIONS

DATA SHEET 7, CHART 8

	Total debt, pri- vate and public, billions	Private debt, billions	Number of families, millions	Private debt per family	Total debt per family	National income per family
1929.....	\$191.1	\$161.5	29.40	\$5,500	\$6,500	\$2,972
1930.....	191.4	160.8	29.90	5,380	6,400	2,510
1931.....	182.6	148.6	31.24	4,760	5,850	1,885
1932.....	175.7	137.8	31.67	4,350	5,550	1,317
1933.....	169.7	128.8	32.16	4,000	5,280	1,232
1934.....	172.6	126.3	32.56	3,880	5,300	1,493
1935.....	175.9	125.4	33.09	3,790	5,320	1,718
1936.....	181.4	127.5	33.55	3,800	5,400	1,928
1937.....	183.3	127.9	34.00	3,760	5,390	2,164
1938.....	180.8	124.3	34.52	3,600	5,240	1,952
1939.....	184.5	125.5	35.60	3,530	5,180	2,035
1940.....	190.8	129.6	34.95	3,700	5,460	2,325
1941.....	212.6	140.4	35.85	3,915	5,930	2,895
1942.....	260.7	143.2	36.45	3,930	7,150	3,760
1943.....	314.3	145.0	36.88	3,935	8,530	4,600
1944.....	371.6	145.7	37.10	3,930	10,020	4,950
1945.....	407.3	140.8	37.60	3,755	10,860	4,870
1946.....	398.8	155.5	38.18	4,070	10,450	3,725
1947.....	419.5	181.8	39.14	4,650	10,720	5,007
1948.....	435.3	202.6	40.72	4,975	10,690	5,490
1949.....	446.7	210.0	42.11	4,985	10,600	5,140
1950.....	485.8	246.4	43.47	5,670	11,180	5,530
1951.....	519.2	277.2	44.56	6,230	11,650	6,250

Source: Data on debt from Economic Almanac, National Industrial Conference Board, 1953-54, p. 122. Data on income derived from table G7, President's Economic Report, 1954, and Census Bureau data on families.



## TAX-EXEMPT FOUNDATIONS

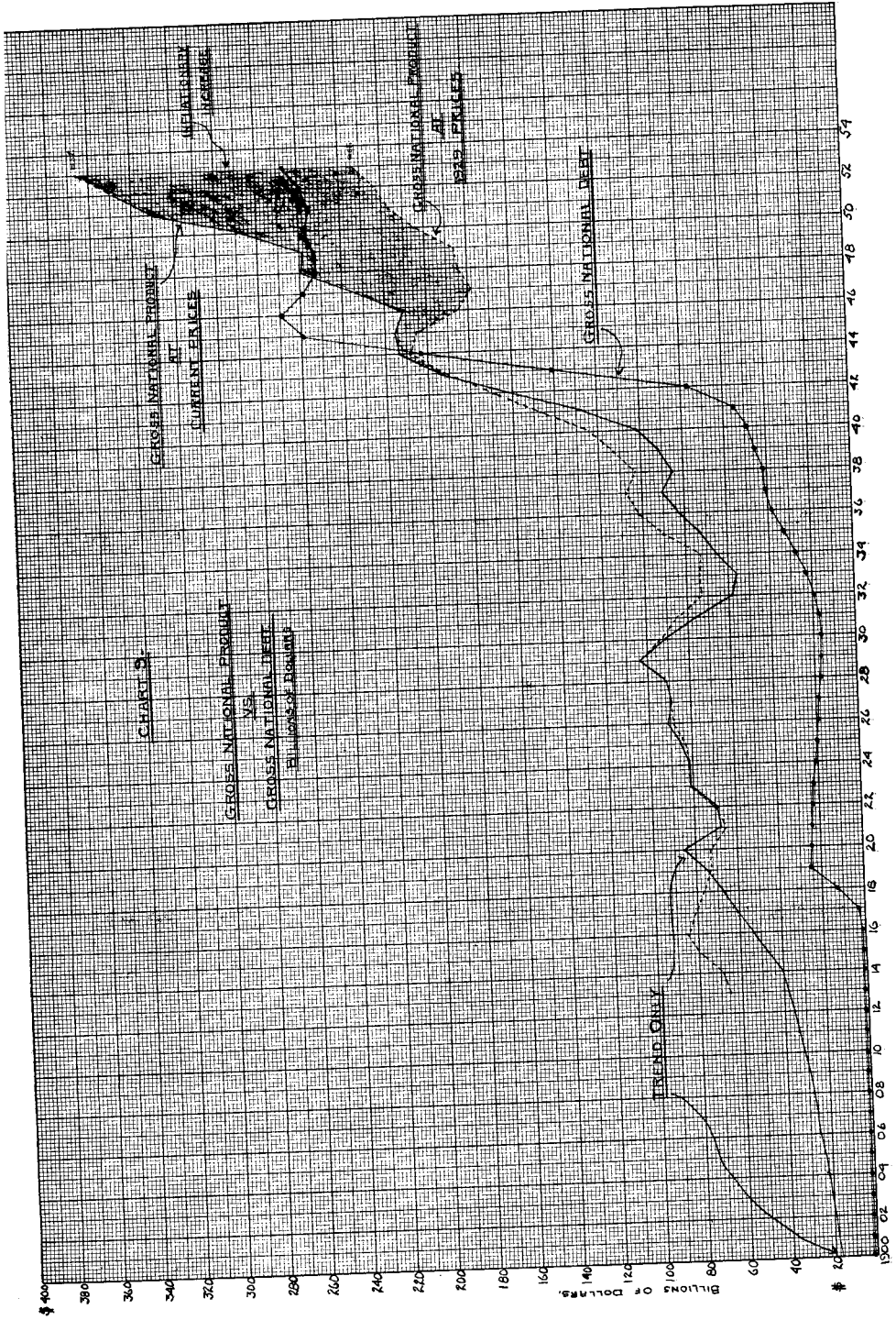
## DATA SHEET 8, CHART 9

	Gross national product, billions	Federal debt, billions	Gross national product at 1929 consumer price, billions		Gross national product, billions	Federal debt, billions	Gross national product at 1929 consumer price, billions
1900 <sup>1</sup> .....	\$16.9	\$1.26		1927.....	89.6	\$18.51	\$88.6
1901 <sup>1</sup> .....	18.1	1.22		1928.....	91.3	17.60	91.2
1902 <sup>1</sup> .....	19.2	1.18		1929.....	103.8	16.90	103.8
1903 <sup>1</sup> .....	20.5	1.16		1930.....	90.9	16.20	93.4
1904 <sup>1</sup> .....	21.6	1.14		1931.....	75.9	16.80	85.6
1905 <sup>1</sup> .....	23.0	1.13		1932.....	58.3	19.50	73.2
1906 <sup>1</sup> .....	24.5	1.14		1933.....	55.8	22.50	74.0
1907 <sup>1</sup> .....	26.0	1.15		1934.....	64.9	27.70	83.0
1908 <sup>1</sup> .....	27.5	1.18		1935.....	72.2	32.80	90.2
1909.....	28.8	1.15		1936.....	82.5	38.50	102.0
1910 <sup>1</sup> .....	31.1	1.15		1937.....	90.2	41.10	107.8
1911 <sup>1</sup> .....	33.4	1.15		1938.....	84.7	42.00	102.9
1912 <sup>1</sup> .....	35.7	1.19		1939.....	91.3	45.90	112.5
1913 <sup>1</sup> .....	38.0	1.19	\$65.7	1940.....	101.4	48.50	124.0
1914.....	40.1	1.19	68.4	1941.....	126.4	55.30	147.3
1915 <sup>1</sup> .....	47.0	1.19	79.4	1942.....	161.6	77.00	169.8
1916 <sup>1</sup> .....	53.9	1.23	84.7	1943.....	194.3	140.80	192.5
1917 <sup>1</sup> .....	60.6	2.98	81.0	1944.....	213.7	202.60	208.1
1918 <sup>1</sup> .....	67.5	12.24	76.9	1945.....	215.2	259.10	205.0
1919.....	74.2	25.48	73.4	1946.....	211.1	269.90	185.5
1920.....	85.6	24.30	73.1	1947.....	233.3	258.40	179.0
1921.....	67.7	24.00	65.0	1948.....	259.0	252.40	184.6
1922.....	68.4	23.00	70.0	1949.....	258.2	252.80	186.0
1923.....	80.4	22.35	80.7	1950.....	286.8	257.40	205.2
1924.....	80.9	21.25	81.2	1951.....	329.8	255.30	217.0
1925.....	95.0	20.52	83.1	1952.....	348.0	259.20	223.5
1926.....	91.1	19.64	88.3	1953 <sup>2</sup> .....	366.0	266.10	234.0

<sup>1</sup> Estimated from data shown for 1899, 1904, 1909, 1914, and 1919 as indicated below.

<sup>2</sup> Estimate based in data for 9 months and subsequent production data.

Source: Gross national product 1900-28, national product since 1869—NBER, pp. 119, 151. Federal debt, 1900-28, Statistical Abstract of United States, 1930, p. 214. Federal debt, 1929-52, Economic Indicators Supplement 1953. Personal Disposable Income, 1929-50, National Income, 1951 edition, table 3, p. 151.



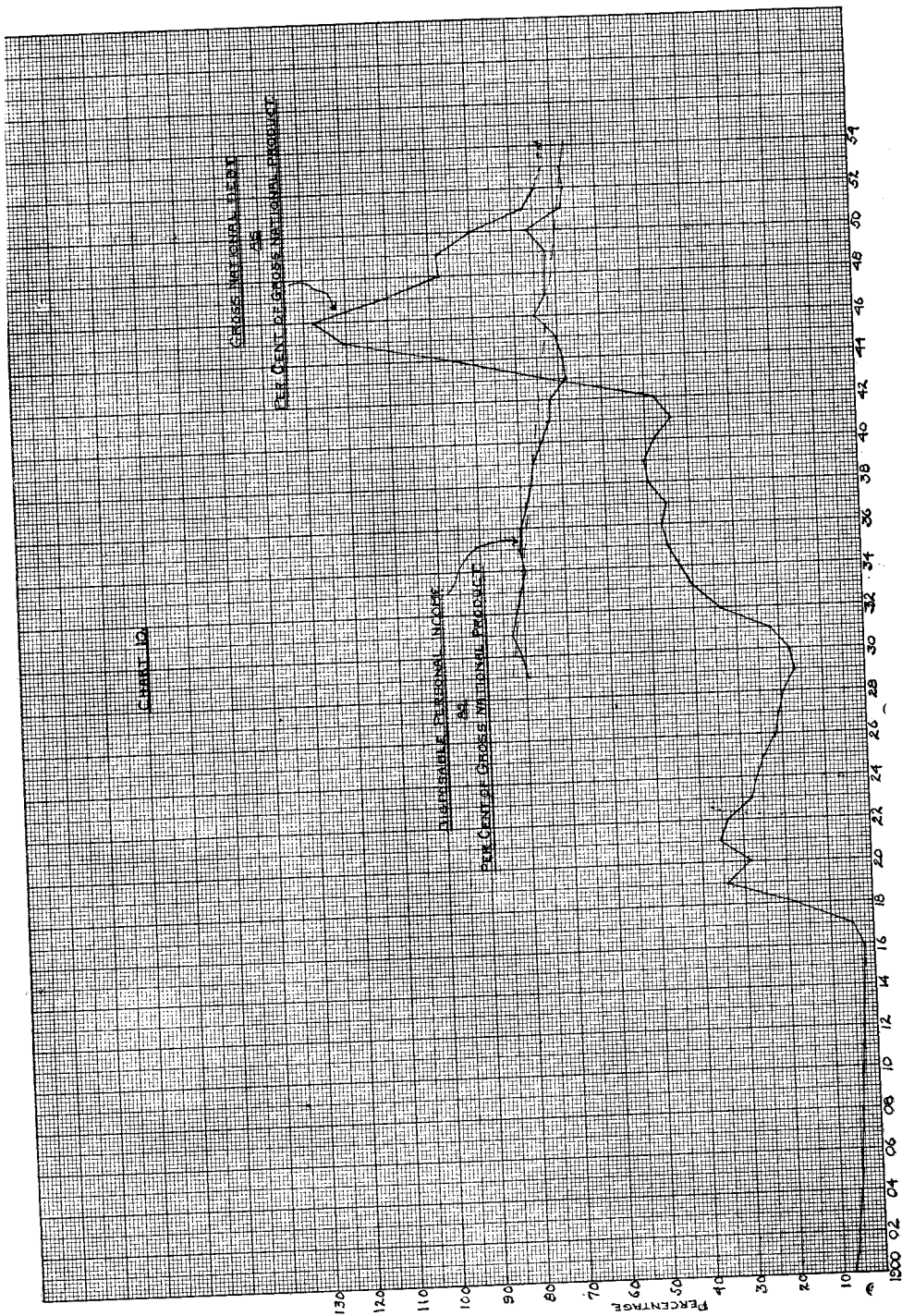
## TAX-EXEMPT FOUNDATIONS

## DATA SHEET 9, CHART 10

	Percent Federal debt G. N. P.	Dispos- able per- sonal income, billions	Percent D. I. P. G. N. P.		Percent Federal debt G. N. P.	Dispos- able per- sonal <sup>1</sup> income, billions	Percent D. I. P. G. N. P.
1900.....	7.46			1927.....	20.7		
1901.....	6.74			1928.....	19.3		
1902.....	6.14			1929.....	16.3	\$82.5	74.9
1903.....	5.66			1930.....	17.8	73.7	81.0
1904.....	5.27			1931.....	22.1	63.0	83.0
1905.....	4.92			1932.....	33.5	47.8	82.0
1906.....	4.66			1933.....	40.3	45.2	80.8
1907.....	4.42			1934.....	42.7	51.6	79.5
1908.....	4.29			1935.....	45.5	58.0	80.4
1909.....	4.00			1936.....	46.7	66.1	80.2
1910.....	3.70			1937.....	45.6	71.1	78.8
1911.....	3.46			1938.....	49.6	65.5	77.3
1912.....	3.33			1939.....	50.3	70.2	76.8
1913.....	3.13			1940.....	47.8	75.7	74.7
1914.....	2.97			1941.....	43.8	92.0	72.8
1915.....	2.53			1942.....	47.6	116.7	72.2
1916.....	2.28			1943.....	72.4	132.4	68.2
1917.....	4.92			1944.....	94.9	147.0	68.8
1918.....	18.1			1945.....	120.5	151.1	70.2
1919.....	34.3			1946.....	127.8	158.9	75.2
1920.....	28.4			1947.....	110.8	169.5	72.7
1921.....	35.4			1948.....	97.5	188.4	72.7
1922.....	33.6			1949.....	97.9	187.2	72.5
1923.....	27.8			1950.....	89.8	205.8	76.7
1924.....	26.3			1951.....	77.5	225.0	68.2
1925.....	24.2			1952.....	74.5	235.0	67.5
1926.....	21.5			1953.....	<sup>1</sup> 72.7	<sup>1</sup> 250.0	<sup>1</sup> 68.3

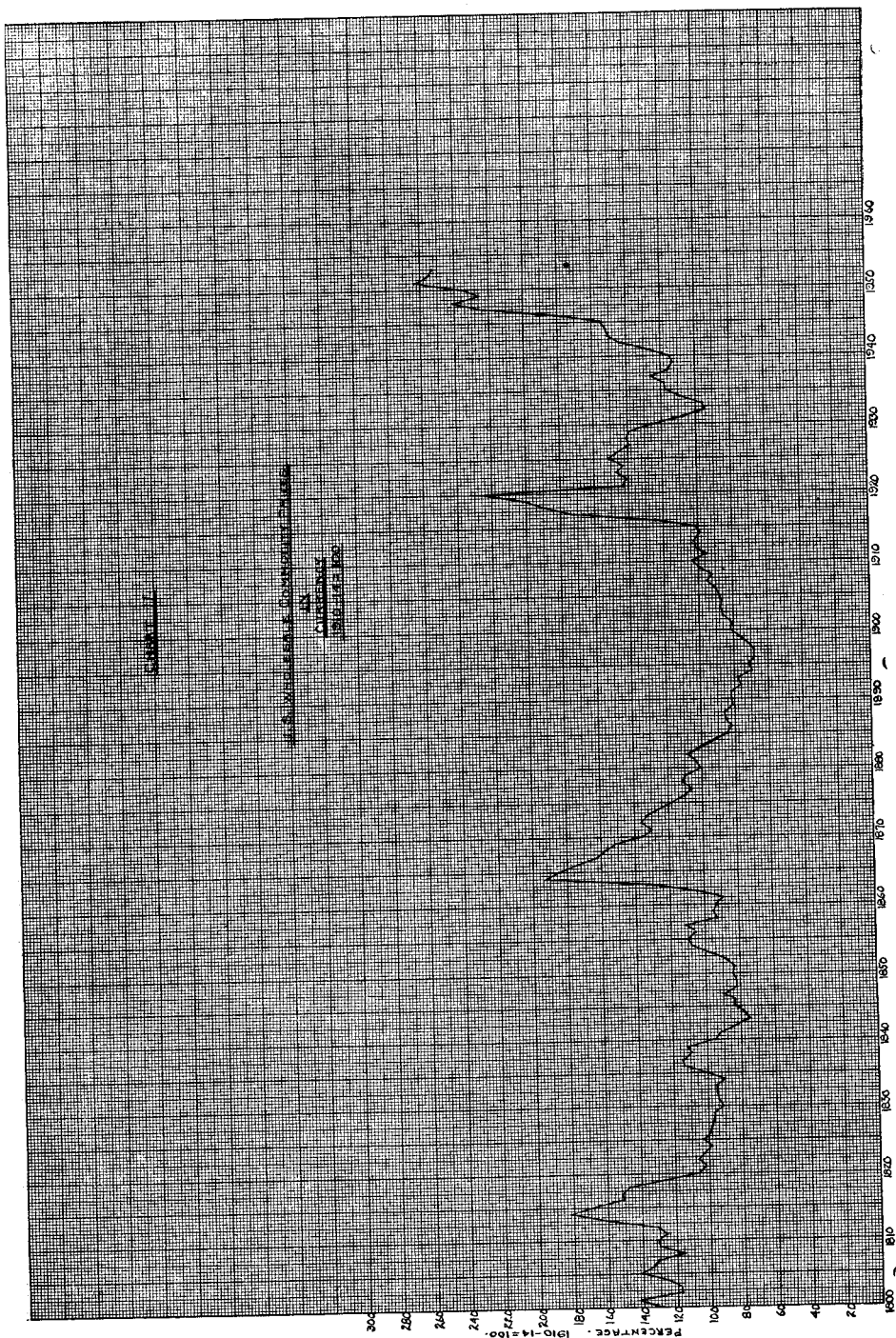
<sup>1</sup> Estimate based on data for 9 months and subsequent production data.

Source: Gross national product, 1900-28, national product since 1969, NBER, pp. 119, 151. Federal debt 1900-28, Statistical Abstract of United States, 1930, p. 214. Federal debt 1929-52, Economic Indicators Supplement, 1953. Personal Disposable Income, 1929-50, National Income, 1951 edition, table 3, p. 151.









## TAX-EXEMPT FOUNDATIONS

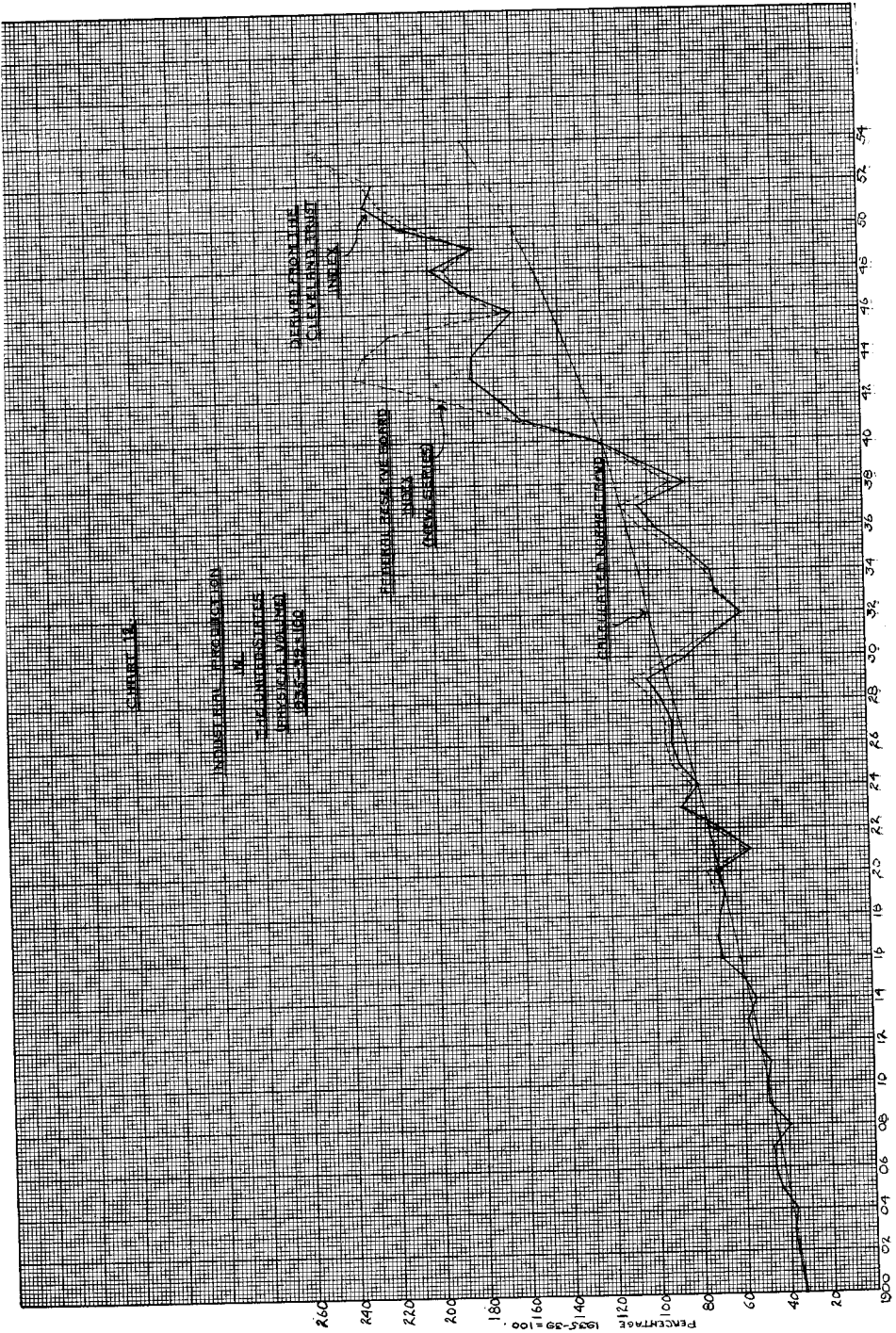
## DATA SHEET 10, CHART 12

## Industrial production (physical volume)

	Cleveland Trust index, percent of normal	Normal trend, 1935-39=100	Total production, <sup>1</sup> 1935-39=100	New series F. R. B. data, 1935-39=100		Cleveland Trust index, percent of normal	Normal trend, 1935-39=100	Total production, <sup>1</sup> 1935-39=100	New series F. R. B. data, 1935-39=100
1900.....	103	32.7	33.7	-----	1927.....	104	87.2	90.7	94
1901.....	103	34.2	35.2	-----	1928.....	106	90.0	95.4	98
1902.....	103	35.7	36.8	-----	1929.....	110	92.8	102.0	109
1903.....	101	37.2	37.6	-----	1930.....	87	95.6	83.2	91
1904.....	96	38.8	37.2	-----	1931.....	73	98.3	71.7	74
1905.....	108	40.4	43.6	-----	1932.....	57	100.5	57.3	57
1906.....	110	42.1	46.3	-----	1933.....	68	102.8	70.0	69
1907.....	106	43.8	46.5	-----	1934.....	68	105.1	71.5	74
1908.....	86	45.6	39.2	-----	1935.....	77	107.6	82.9	87
1909.....	102	47.3	48.3	-----	1936.....	89	110.0	97.9	104
1910.....	101	49.2	49.7	-----	1937.....	93	112.5	104.6	113
1911.....	94	51.0	47.9	-----	1938.....	71	115.4	82.0	89
1912.....	104	52.9	55.0	-----	1939.....	88	117.9	103.7	107
1913.....	105	54.8	57.6	-----	1940.....	102	120.6	123.0	124
1914.....	95	56.8	54.0	-----	1941.....	127	123.8	157.3	161
1915.....	100	58.8	58.8	-----	1942.....	132	127.4	108.2	196
1916.....	114	61.0	69.5	-----	1943.....	138	131.0	180.7	235
1917.....	112	63.2	70.8	-----	1944.....	134	134.5	180.2	231
1918.....	107	65.4	70.0	-----	1945.....	123	138.5	170.4	198
1919.....	100	67.5	67.5	72	1946.....	114	141.8	161.7	167
1920.....	102	69.4	70.8	76	1947.....	126	146.0	184.6	185
1921.....	76	72.2	54.8	57	1948.....	131	151.9	199.0	193
1922.....	93	74.4	69.2	72	1949.....	115	155.6	179.6	180
1923.....	112	77.0	86.2	87	1950.....	133	161.0	214.5	207
1924.....	100	79.4	79.4	82	1951.....	139	165.7	230.0	222
1925.....	107	82.0	87.8	91	1952.....	130	172.5	225.0	230
1926.....	108	84.4	91.2	94	1953 <sup>2</sup> .....	138	177.4	<sup>2</sup> 245.4	<sup>2</sup> 248

<sup>1</sup> Derived from monthly data published by the Cleveland Trust Co. and independently calculated normal trend.

<sup>2</sup> Estimated.



Mr. McNEECE. Then I assume that in answering any question it would be permissible to clarify it by reading a particular section.

Mr. HAYS. Surely.

Mr. KOCH. The question now is whether you members would like to ask any questions with respect to any part of that report, or whether you would like to study it and ask some at a future time.

Mr. GOODWIN. Mr. Hays.

Mr. HAYS. I will surprise you by saying I have no questions.

Mr. GOODWIN. The Chair concurs.

Mr. KOCH. Then you are excused for today.

Mr. GOODWIN. Thank you very much for your presentation.

Mr. WORMSER. Mr. Chairman, Miss Casey has been sworn, and I think probably her oath can be considered to be continued.

Mr. GOODWIN. I would say so.

Mr. KOCH. Miss Casey, you have prepared a report. What is the title of that?

**TESTIMONY OF KATHRYN CASEY, LEGAL ANALYST, SPECIAL COMMITTEE TO INVESTIGATE TAX-EXEMPT FOUNDATIONS**

Miss CASEY. It is called Summary of Activities of Carnegie Corporation of New York, Carnegie Foundation for the Advancement of Teaching, the Rockefeller Foundation, the Rockefeller General Education Board.

Mr. KOCH. That is a rather long document, and I understand unless the gentlemen wish, you have no desire to read that entire document, but there were certain paragraphs you felt you would like to read. Is that it?

Miss CASEY. Yes. I don't have any intention of reading this entire document. I thought I might highlight some parts of it to give the members of the committee a background. I would like to say first of all that the object of this summary was to enable the committee to have the benefit of the research done and give them the facts taken from the foundations reports.

Mr. KOCH. First of all, may that report be considered in the record?

Mr. GOODWIN. In the absence of objection, the report will be ordered inserted in the record.

Mr. HAYS. Reserving the right to object, and I shall not object, I would just like to point out here that perhaps when some of the people representing the foundations come before us, they may have long prepared statements, and I hope there will be no objection to using the same procedure on them, unless some member of the committee wants it read. In other words, the thing I am interested in is that it is rather voluminous, and we have run to quite a few pages. I hope there will be no inclination to keep something out of the record when the minority has entered no objection to putting anything in the record that anyone thought was pertinent.

Mr. GOODWIN. That certainly would be the idea of the present occupant of the Chair. I assume that it is the opinion of the staff that this material should be in the record.

Mr. KOCH. Oh, yes.

Mr. WORMSER. Mr. Hays, the only comment I would like to make on that is that I am asking these various foundations to give us copies sufficiently in advance so that we can at least know the material that they are going to bring up. If you have talked to any of them, I wish you would ask them to please do that. In some cases it is going to be a rather short job for them. In other cases, they have quite a lot of time.

Mr. HAYS. Suppose they want to bring somebody in as the four professors were brought in, and they wanted to speak as they did, without any preparation?

Mr. KOCH. Then they certainly should have the right to do that. There is no doubt about it.

Mr. HAYS. I am concurring with you. Whenever they are going to have a prepared statement, they should be submitted in advance. I have no objection to that.

Mr. GOODWIN. The Chairman assumes there will be no controversy over any question of this sort.

(The statement Summary of Activities of Carnegie Corporation of New York, Carnegie Foundation for Advancement of Teaching, the Rockefeller Foundation, the Rockefeller General Education Board is as follows:)

## INTRODUCTION

One of the objectives of the staff, as mentioned in Mr. Dodd's report, was to determine whether there was a common denominator, as it were, in relation to foundation purposes. A collateral objective was to determine, if possible, whether the activities of foundations might fall into certain definite classifications.

Upon examination of the material available in the Cox committee files it was apparent that it was insufficient <sup>1</sup> to support a firm conclusion on this point; as were the various reference books available on foundations and their activities. After further study and discussion as to both the quickest and the most efficient method of securing sufficient information, it was decided to examine the activities of the first <sup>2</sup> major <sup>3</sup> foundations, to determine whether their activities could be classified, on the theory that such an examination would also serve the dual purpose of providing a guide for study of other foundations. With size of endowment and date organized as criteria, the selection of the agencies created by Andrew Carnegie and John D. Rockefeller were quite obvious choices, as will be seen by a glance at the following chronological list:

Carnegie Institute (of Pittsburgh), 1896.  
 Rockefeller Institute for Medical Research, 1901.  
 Carnegie Institution of Washington, 1902.  
 Rockefeller General Education Board, 1903.  
 Carnegie Hero Fund Commission, 1904.  
 Carnegie Foundation for the Advancement of Teaching, 1905.  
 Carnegie Endowment for International Peace, 1910.  
 Carnegie Corporation of New York, 1911.  
 The Rockefeller Foundation, 1918.  
 The Laura Spelman Rockefeller Memorial, 1918.<sup>4</sup>

As a practical matter, the Carnegie Institute of Pittsburgh, the Carnegie Institution of Washington and the Carnegie Hero Fund Commission were eliminated as objects of study in relation to their fields of activity, because their purposes were so clearly specified and their activities confined thereto.

On the theory that the document itself is the best evidence, the logical source of the best information was the records of the foundations themselves, as contained in their annual reports and similar publication. When it proved difficult to obtain these reports from the Library of Congress <sup>5</sup> recourse was had to the foundations themselves.

In the case of the two Rockefeller agencies—the foundation and the General Education Board—the president, Mr. Dean Rusk, upon request responded immediately and loaned to the committee copies of the annual reports of each of these organizations.

In the case of the Carnegie Endowment for International Peace a request was made to permit studies of their records from the date of organization, to which Dr. Johnson, the president, agreed without hesitation, and every cooperation was extended in placing the records, minutes of meetings, and confidential reports at the committee's disposal. In the time available, it was not possible to cover in detail all the material available for those years, but extensive notes were made

<sup>1</sup> Not only as to details, but also because it covered only the years 1936-51, inclusive.

<sup>2</sup> In point of time.

<sup>3</sup> In size of assets.

<sup>4</sup> Its activities were merged with those of the Rockefeller Foundation, 1928.

<sup>5</sup> Since only 1 copy was available for circulation, the other being for reference.

and verbatim quotations extracted; Mr. Perkins, of the Carnegie Corporation had equally cooperated but, subsequently on special request, the Library of Congress permitted the reference copies of the year-books of the Corporation, the foundation and the endowment to be withdrawn from the Library for use at the committee's offices.

In addition to these reports, the books and articles, including biographical material, available on both Mr. Rockefeller and Mr. Carnegie and their foundations, were consulted and studied.<sup>6</sup>

Based on these studies, and according to the records of the foundations themselves, it was concluded that their activities had been carried on in a handful of major areas, namely:

- I. Education.
- II. International affairs, including international law.
- III. Politics (in the sense that politics is the science of civil government.)
- IV. Public affairs.
- V. Propaganda.
- VI. Economics.

While some of these fields overlapped to a certain degree, that fact does not affect the validity of the technique of analysis, nor the statement of summation.

## I. EDUCATION

### GENERAL PURPOSE

Part I of this summary is devoted to answering three questions:

1. Have these foundations carried on activities in the field of education?

- (a) At elementary level?
- (b) At secondary level?
- (c) At college and university level?

2. What have these activities been (at each of the levels noted)?

3. Did such activities have any evident or traceable effects in the educational field?

Secondly, once the answers to these questions are determined, what is their relationship (if any) to education, in the light of the constitutional and historic attitudes with regard to it in this country?

The activities relating to questions 1 and 2 will be summarized separately by foundation, for the entire period of its existence, in section 1. However, since the activities of all these organizations are parallel—at least in part—the effects of all in the educational field, and their relationship (if any) to the constitutional and historic viewpoint will be summarized and compared in section 2.

### GENERAL INFORMATION

Of the Carnegie and Rockefeller organizations only one—the General Education Board of Rockefeller<sup>1</sup>—from its outset has operated exclusively in the field of education, in the sense of a relationship to institutions of learning, teaching, and so forth. In the sense that all

<sup>6</sup> Bibliography: Life of Andrew Carnegie (2 vols.), V. J. Hendrick; Forty years of Carnegie Giving, R. M. Lester; 30 Year Catalogue of Grants, R. M. Lester; Fruit of an Impulse, Howard J. Savage; Philanthropic Foundations and Higher Education, Ernest Victor Hollis; The Story of the Rockefeller Foundation, Raymond Fosdick; History of the Standard Oil Co., Tarbell; American Foundations—Their Fields, 20th Century Fund; Philanthropy and Learning, Frederick P. Keppel; Public Benefactions of Andrew Carnegie, Carnegie Corp.; The Foundation, Frederick P. Keppel.

<sup>1</sup> Terminated operations at end of 1953.

knowledge developed pertains to education, of course, then the term "education" becomes practically all-inclusive of every activity not only of foundations, but of industry and government as well. However, in the former sense—which is the sense in which it is used here—Carnegie Corp., Carnegie Foundation for the Advancement of Teaching, Carnegie Endowment for International Peace, and the Rockefeller Foundation are dedicated by their charters to purposes directly or indirectly related to what might be called the advancement of education.

In the case of the foundation,<sup>2</sup> originally intended as a means of providing "retiring allowances" for professors, it is now its primary purpose. The corporation<sup>3</sup> and the endowment<sup>4</sup> have it as one of a multiplicity of purposes. Because this is particularly true of the endowment, and because its activities are so closely interrelated that agency's activities will be summarized as a unit when other categories of foundation activities are covered.

One further fact should be noted because it is a matter which time did not permit complete resolving. In the case of the corporation, and the foundation, there is a considerable overlapping of funds, and it is difficult at times to determine the extent to which the funds mentioned in the foundation's financial reports are duplicates of funds mentioned in the corporation's report. To a certain extent this is true also in regard to the endowment. Thus, while every effort will be made in this report to differentiate clearly between the amounts of money, it may be that sums reported in the foundation and the endowment records are duplications of sums reported in the Carnegie record.

Inasmuch as the Rockefeller Foundation and the General Education Board do not seem to have the interlocking relationships found in the Carnegie organizations it is not believed that the same possibility of duplication exists in regard to those two organizations.

However, perhaps in an excess of caution, where doubt arose, the item was not included so that whatever error has occurred has been on the side of lower totals rather than higher.

#### BACKGROUND<sup>5</sup> MATERIAL FROM REFERENCE WORKS

Before proceeding to an analysis of information taken from the annual reports of each of the foundations to be summarized, a brief review of the activities in the field of education by these major contributors may prove helpful and also serve as a basis for evaluation.

Dr. Ernest Victor Hollis in his book *Philanthropic Foundations and Higher Education*, published in 1938, covers not only the background and organization of foundations, but also the specific activities of foundations in the field of education. While most of his references are to higher education, portions of his work involve secondary education indirectly, as will be seen later. Although published in 1938, which makes many of the statistics of Dr. Hollis' book somewhat outdated, it is still regarded as an excellent reference.

<sup>2</sup> This term will be used throughout to designate the Carnegie Foundation for the Advancement of Teaching.

<sup>3</sup> This term will be used throughout to designate the Carnegie Corp.

<sup>4</sup> This term will be used throughout to designate the Carnegie Endowment for International Peace.

<sup>5</sup> See bibliography, p. 669.



According to Dr. Ernest Victor Hollis<sup>6</sup> "unfavorable public estimate of the elder John D. Rockefeller and Andrew Carnegie made it inexpedient in 1905 for their newly created philanthropic foundations to attempt any direct reforms in higher education." The subject was approached indirectly through general and noncontroversial purposes, nearly all foundation grants made before 1920 being for such purposes.

Dr. Hollis writes:

Far-reaching college reform was carefully embedded in many of these non-controversial grants. It was so skillfully done that few of the grants are directly chargeable to the ultimate reforms they sought to effect. For instance, there is little obvious connection between giving a pension to a college professor or giving a sum to the general endowment of his college, and reforming the entrance requirements, the financial practices, and the scholastic standards of his institution. This situation makes it necessary to present qualitative influence without immediately showing the quantitative grant that made the influence possible.<sup>7</sup>

#### REMEDIES FOR EDUCATIONAL CHAOS

The first efforts of the foundations to influence the development of higher education, according to Dr. Hollis, were directed toward a differentiation and coordination of the levels of education, which he stated "approached chaos" around 1902-5.

It is not proposed to discuss whether the conditions existing in the educational system at that time were chaotic or inefficient; nor is it intended to deny that the foundation and the General Education Board were sincere in their belief that the system should be improved. It is true, however, that neither of these organizations announced to the public their intention to reform the educational system. On the contrary, the board asserted on many occasions that it was determined not to interfere with the institutions, nor direct their policies.<sup>8</sup> The president of the foundation, in writing of the early activities of the foundation, admitted that originally even the founder, Andrew Carnegie, was not aware of any intention other than the commendable one of awarding a free pension, and in 1935 Mr. Pritchett accepted the fully responsibility for inculcating the reform idea in the pension awards.

Moreover, it is not intended to evaluate the merits of the objective and references are cited merely as indications of the intention and attitude of the two foundations which first entered this educational field. Additional references taken from the reports of the individual foundations will be included in later sections of this part, dealing with the individual foundation activity in education.

Dr. Hollis takes a very practical view of the manner in which foundations approached the situation and the logical conclusion to be drawn, when he writes:

As a condition of awarding a pension to a college professor what could be more plausible than the necessity for defining a college? Both the logic of the situation and the desire for the money caused colleges to seek the scrutiny of the foundation. By this indirection the foundation was being importuned to do what President Pritchett most wished, and what he probably could not

<sup>6</sup> Philanthropic Foundations and Higher Education.

<sup>7</sup> *Ibid.*, p. 127.

<sup>8</sup> See sections on Foundation and Board.

have accomplished by any amount of direct grants. With pensions as the inducement the Carnegie plan for improving the colleges was explicit and avowed; the scholastic, financial, and control standards that were demanded for affiliation guaranteed that the institution would be a real college. Despite its protestations to the contrary, the General Education Board sought to effect the same reforms. I used grants to capital outlay and to general endowment as the inducement and its leadership was canny enough not to print or use an inflexible set of standards. The college seeking assistance was judged in terms of its promise within the local area. The board "made a thorough study" of the institutions calling themselves colleges and from this factual survey came to a conclusion similar to that of the Carnegie Foundation as to what should be done. Each foundation decided to organize and lead a superior system of colleges and universities as a demonstration to the rest of the country. Their purposes were almost identical, though their methods of work were radically different, as were also their attitudes toward church-controlled colleges. The actions of the Carnegie Foundation were the more open and therefore will enter more fully into this narrative. But this circumstance should not obscure the fact that the General Education Board program sought similar goals and was just as assiduously conducted.<sup>9</sup>

Dr. Hollis goes on to say that, using this as a basis [eligibility for a Carnegie pension], the specific requirements were established as to what constituted a "college," and these requirements were later agreed to in principle at a conference, sponsored by the foundations of all agencies interested in improving college entrance requirements.

Dr. Hollis, in comparing the policies of the foundation and the General Education Board, refers to the former's standards as an "all or none" dictum which "was happily absent in the more flexible, less explicit plans of the General Education Board for improving colleges."<sup>10</sup>

Dr. Hollis referred to the setting up of means for improving college entrance requirements which grew out of the indictment of the so-called mechanical credits which were congesting the colleges with inadequately prepared students and again notes the contribution of the foundation when he states:

At every stage of this complex kaleidoscopic problem, the philanthropic foundations interested in higher education have been aligned with the progressive educators who are seeking such changes as those described as taking part at the University of Chicago. \* \* \* In addition to cash, the above organizations and the Carnegie Foundation furnished the highly valuable services of professional staff members.

Psychological examinations, comprehensive achievement tests, cumulative permanent record forms, and related admission devices had to be planned and perfected before much actual progress could be made in improving the certificate plan of admission by units. The best professional and technical abilities of the universities and nonteaching research agencies were given to the construction of these instruments. Columbia, Chicago, and Stanford Universities were the centers in which most of this research was done, but other universities made notable contributions. The American Council on Education provided the general administrative and supervisory direction necessary to coordinate such a large cooperative undertaking. The philanthropic foundations provided \$1,212,450 of the sum necessary for the work.

The six regional accrediting associations have jointly and severally been granted \$150,000 as a supplement to other resources, for studies looking toward the formulation and application of qualitative standards for accrediting high schools and colleges. The north Central Association of Colleges and Secondary Schools has alone received foundation grants totaling \$115,000. This sum has been devoted to developing standards for judging the effectiveness of the 285 institutions of higher education in the upper Mississippi Basin. It is expected that the research will aid in a determination and statement of the aims, purposes, and general philosophy of secondary and higher education. Aided by a foundation grant of \$25,000, the Committee of Twenty-one, representing the six

<sup>9</sup> *Ibid.*, pp. 129-130.

<sup>10</sup> See sections on Carnegie Foundation and Rockefeller General Education Board.

regional accrediting associations of the United States, is conducting a study of accrediting that is focused on the secondary school. It has undertaken the formulation of standards for accrediting high schools, and the outlining of procedures for their application and adaptation by the regional associations. Several of the regional associations are individually undertaking minor studies aimed at the solution of parts of the general problem. Educational and foundation officials are united in the determination of supplement or supplant quantitative accrediting with qualitative measures for admission to and progress through high school and college.<sup>11</sup>

According to Dr. Hollis, the method of the General Education Board was preferable in many respects, particularly in that it was more tolerant than the foundation of which he states: "The limitation of funds, and the conception of the trust itself, as well as the philosophy of its first president, tended to maintain a rigid pattern of action."<sup>12</sup>

He points out that the board, while it had a regard for high entrance requirements, did not insist that colleges "conform to preconceived general standards, regardless of actual local conditions."<sup>13</sup>

It recognized that the difference in educational, financial, and social conditions in various parts of the country made it impossible, even in medical education, to achieve complete uniformity all at once, and that to force the issue might merely result in changing the terms rather than in fact raising standards. It was Dr. Hollis' opinion that the failure to follow such a policy was "The basic cause for the early bickering, strife, and only partial success of the foundation's college admission efforts."

Much dissension has arisen over the use of the so-called unit and in later years the Carnegie Foundation was to vigorously attempt to disassociate itself from it. In that connection it should be noted for the record that the foundation and the board did not invent the unit as a device for measuring progress through secondary schools but they did contribute to securing its more effective enforcement. They therefore share with the schools the responsibility for introducing it into secondary education although its retention past its usefulness may be charged to the schools through their accrediting associations.

Both the foundation and the board were in agreement that the chief offenders against standards were the various Protestant religious denominations,<sup>14</sup> and both agreed that there should be concentration of effort in a few colleges which would have the effect of eliminating the weak colleges through lack of finances and other causes. However, the methods selected by the foundation and the general education board differed materially.

The bylaws of the foundation provided that no institution could share in its pension fund if it remained under the control of a religious group. The foundation also required that all affiliated institutions have a 4-year curriculum and at least 6 full professors. (This automatically established the size of the liberal arts colleges, namely, six departments);<sup>15</sup> and required a minimum endowment or in the case of State universities, an annual income.

<sup>11</sup> *Ibid.*, pp. 144-146.

<sup>12</sup> *Ibid.*, pp. 133-134.

<sup>13</sup> *Ibid.*, p. 135.

<sup>14</sup> *Ibid.*, p. 138.

<sup>15</sup> After 1921 this was increased to 8.

The board approaches the problem by "systematic and helpful corroboration with the religious denominations, which took the form of direct support of the stronger of such colleges."<sup>16</sup>

Both the foundation and the board had concluded that by withholding funds from "the weak and tottering or superfluous colleges," as they were referred to, these institutions would die a natural death, consolidate or perhaps even coordinate with institutions selected by the foundations as pivotal institutions. However, he adds, the results have not borne out that conclusion—the Office of Education Directory listing some 2,000 institutions of higher education in this country.

Moreover, according to Dr. Hollis, the waste, duplication and lack of articulation are still evident, and according to Dr. Hollis were as bad after the first World War as those facing the foundation at the turn of the century.

\* \* \* Accompanying this dissatisfaction with organization was an even greater disapproval of the traditional content of the courses and their organization into curricula. The manner of being admitted to and guided through these offerings was reopened for further study. In short, after 1918 there was a new start in efforts to resolve the confusion existing in American higher education, and the philanthropic foundations influenced most of these undertakings.

After the war the philanthropic foundations entered into a more satisfying relation with higher education. They were no longer forced to seek change by indirection; rather, they directly concentrated their grants and influence to remedy some of the more glaring deficiencies that had been revealed by the war. A more favorable public attitude toward philanthropic trusts made their new approach possible. They now directly cooperated with the professional forces of higher education in a new attack on the problems of organization to assure institutional operation that would be more effective in modern life.

By 1920 about 90 percent of all college admissions were by the certification of 15 or more variously required units of the type of credit described by Learned. Under this system inadequately prepared students were congesting the colleges. At the same time the system hampered the effectiveness of the high school in serving the much larger group of students who would not enter college. Those college and foundation officials who subscribed to Learned's indictment of mechanical credits began to pool their money and talents to provide means for improving college entrance devices, and this soon led to more fundamental studies of the relations of secondary to higher education.

In addition to what may be termed "direct" activities, i. e., funds granted to institutions themselves, or for projects in the teaching or educational field all of the Carnegie and Rockefeller Foundations made direct contributions of funds to the following organizations:

Adult Education<sup>17</sup>  
 American Council on Education  
 Cooperative Test Service  
 Educational Records Bureau  
 Institute of International Education  
 London School of Economics  
 National Education Association  
 Progressive Education Association.

Because of the effect of several universities on education, foundations' grants to these institutions have been tabulated. The institutions are:

Columbia University  
 Columbia University Teachers College  
 University of Chicago  
 Lincoln School.

<sup>16</sup> Ibid., pp. 138-140.

<sup>17</sup> Including grants to American Association for Adult Education.

THE CARNEGIE CORPORATION OF NEW YORK—THE  
CARNEGIE FOUNDATION FOR THE ADVANCEMENT  
OF TEACHING

CARNEGIE CORPORATION OF NEW YORK

ESTABLISHMENT, PURPOSES, ASSETS

The Carnegie Corporation of New York was the last of the philanthropic agencies created by Andrew Carnegie, and he served as its president until his death 8 years later in 1919. It was established "to promote the advancement and diffusion of knowledge and understanding" among the people of the United States and the British Dominions. Of its \$135,336,869 endowment, \$12 million is applicable to enterprises in the British Dominions and Colonies, at the discretion of the trustees. As of 1951 the assets of the corporation were \$175,890,810.<sup>1</sup>

The corporation is managed by a board of 15 trustees, 4 of whom are ex officio, 3 are presidents also of other Carnegie funds, and the president of the corporation.

GENERAL POLICY

The corporation makes grants chiefly to universities, colleges, and other organizations which the trustees believe can contribute to "the advancement and diffusion of knowledge and understanding," and devotes its entire annual income (except that necessary for administrative purposes) to such grants. Its officers do not attempt to keep in active touch with programs, nor plan nor direct projects, full responsibility being assigned to the recipient.

Question 1. From 1911 to 1952, inclusive, the last year for which the annual report is available, the corporation made funds available to:

	<i>Appropriations</i>
Universities, colleges, and schools in the United States <sup>1</sup> -----	\$56, 838, 274
For adult education <sup>2</sup> -----	3, 012, 875
American Council on Education-----	1, 012, 875
Columbia University-----	2, 687, 265
Cooperative Test Service, Educational Records Bureau, Graduate Record, College Entrance Examination Board-----	90, 924
Institute of International Education-----	2, 366, 326
National Citizens Commission for the Public Schools-----	750, 000
National Education Association-----	261, 500
Progressive Education Association <sup>3</sup> -----	76, 485
Teachers College-----	3, 727, 650
University of Chicago-----	2, 419, 450
Total-----	73, 243, 624

<sup>1</sup> Does not include Columbia University Teachers College or University of Chicago.

<sup>2</sup> Including grants to the American Association for Adult Education.

<sup>3</sup> Now called American Education Fellowship.

Funds were given to other organizations, such as the National Advisory Council on Radio in Education, whose activities were less directly related to education, but time did not permit exploring them in detail. A brief description of the type of activity carried on by the

<sup>1</sup> Basic Facts About Carnegie Corporation of New York and Carnegie Foundation for the Advancement of Teaching, published by the corporation in August 1952.

American Council on Education, the National Education Association, and the Progressive Education Association is given in section 2 of this summary.

Prior to 1930 the major grants of the corporation were for library buildings, laboratories, endowment of liberal arts colleges, development of such colleges through endowment, endowment of medical schools at universities, and endowment, buildings, and support of Carnegie Institute of Technology.

Question 2. All quotations are from the annual reports, and in order to avoid undue length, a few have been selected from many of a similar nature. They appear in the annual reports under the heading of "General Education," unless otherwise indicated.

### *1937 report*

#### Page 20:

The field of general education, even within the limits of scholarly inquiry is too broad for any single foundation to cover, and, fortunately, more than one foundation is now active therein. The present activities of the corporation, working in close cooperation with the Carnegie Foundation, are the following: tests and measurements and records; comparative education, notably in the study of examinations; professional education, particularly in its relation to professional practice and to supply and demand in personnel; the relation of research to professional education, especially in the graduate school; new developments of undergraduate instruction, supported chiefly by direct grants to institutions; and the maintenance of what may be called educational clearing-houses, as in Australia and New Zealand. \* \* \*

#### Page 21:

\* \* \* Meanwhile, the problems of professional standards in general, the relations of the professions to one another and to other branches of education, the needs of the public and the degree to which these are being met, have all been comparatively neglected. The corporation has had opportunity to study these questions rather closely in connection with training for librarianship, but its interest includes all professions, large and small, as well as what may be called emerging professions, that is, callings which are gradually assuming a professional status. It is the writer's belief that there is a definite need today to build up a body of doctrine which will be based on reality and not on tradition. \* \* \*

#### Pages 21, 22:

This general situation opens opportunities to foundations for activities of the greatest usefulness, but, unless the programs themselves are carefully organized and rigidly limited in scope, there is a real danger lest they tend to draw the foundation itself outside its proper sphere of action. It is essential not only that the foundation be insured completeness of relevant data for its study, but also that it be freed from any compulsion to press for action as a means of justifying its conclusions. While it may advise frankly concerning changes, when its advice is sought, it should never agitate for reforms or use its money or influence as a means to a political end.

### *1938 report*

Pages 31, 32, 33: According to the report, on the basis of the general purpose of each of the grants made in the period since 1933-34 for educational studies, they might be divided as follows:

To understand the student.....	\$50,300
To improve teaching.....	83,100
To show what is being done.....	129,350
To inform as to educational policy and organization.....	51,000
To find out what the students learn.....	191,500
Various other purposes.....	35,600
Total.....	540,850

The longest unbroken series of grants of this character made by the corporation has been voted to the Institute of Educational Research of Teachers College, Columbia University, and it should be of interest to summarize the results of cooperation with a small group of workers under distinguished leadership. In the 16 years from July 1, 1922, the researches in psychology and education at Teachers College under the direction of Dr. E. L. Thorndike have been supported by grants from the Carnegie Corp., totaling approximately \$325,000. The findings are reported in nine books or monographs already published (without cost to the corporation), and nearly a hundred scientific articles, doctoral dissertations, and special reports.

Nor must it be overlooked that, since science advances as a whole, the work of gathering data which others may use, repeating experiments, adding here and there to what others have proved, may in the long run be more valuable than even such striking direct contributions.

#### *1942 report*

Pages 14, 15: In the 1942 report the corporation lists as its three major grants those made to the University Center in Atlanta, the Johns Hopkins University in Baltimore, and the New York University in New York.

Referring to the Atlanta enterprise (\$150,000), it is noted that far greater grants had been given to it by the General Education Board. Its purpose is stated to be:

\* \* \* a long-planned integration of the work of the several institutions of college grade in that area under terms which will give Atlanta the advantage of a modern university without requiring the constituent colleges to sacrifice their identities. \* \* \*

The grant to New York University (\$100,000) was made with the understanding that the fund would be used for current purposes rather than for endowment.

Pages 16, 17—The report then continues:

Two grants totaling \$65,000 were made to the Carnegie Foundation for the Advancement of Teaching for continuation of cooperative work with a selected list of graduate and undergraduate schools in developing criteria for admission and in providing a basis for judgment as to ability of those already admitted to candidacy for degrees. A more detailed statement on these studies will appear in the 1942 report of the Carnegie Foundation for the Advancement of Teaching. Additional grants totaling \$21,000 were also made to the foundation for two programs undertaken in cooperation with the American Council on Education. Another grant of \$10,000 was voted for the formulation of special tests to be used in selecting the persons to be trained under the defense-training program of the United States Office of Education.

As was recorded in last year's report, one of the largest grants voted in 1940-41 made possible the establishment of the Institute of Adult Education at Teachers College, Columbia University. It is a pleasure to report that the institute is rapidly defining a useful role for itself, and that the American Association for Adult Education, now maintained entirely from membership fees, increased its dues-paying constituency during a year when most voluntary professional associations were suffering a decline in membership.

\* \* \* \* \*

Among the adult education programs initiated with corporation support in prewar days, none has proved more timely than that of the Council on Foreign Relations. The regional committees organized in 12 strategic cities across the country have met regularly for discussion of international problems and have joined in producing an interesting summary of these discussions under the title of *Some Regional Views on Our Foreign Policy, 1941*. An appropriation of \$24,000 was voted for the continuation of this program.

In the United States it need no longer be argued that provision for the education of adults is quite as properly a responsibility of the Government as is education at other age levels. The war, indeed, has offered dramatic evidence of the social cost of not affording such opportunities, and the numerous training programs which have been improvised under pressure during the past 2 years

may be expected to continue, with suitable changes and improvements, into peace times. \* \* \*

Question 3. The excerpts from the annual reports given above, as well as the quotations from Dr. Hollis' book, are pertinent to this question also. No attempt will be made to include all the statements in the year books of the corporation. Moreover, it is believed that 1 or 2 in addition to those already given will suffice.

According to Dr. Hollis, the foundations are exercising the initiative accorded them to spend most of their money on exploratory work that seems only remotely connected with improving college education on the theory that research must first be done in general education in order to efficiently accomplish college reorganization.

1952 report

Page 14:

One of the developments which has produced the most lively debate in educational circles has been the widespread movement to reinvigorate the ideals embodied in the term "liberal education." The goal is rather widely accepted, but there is substantial difference of opinion as to how to achieve it. The general educationists offer a variety of curricular reforms. Advocates of the Great Books press their claims for the wisdom of the past. Humanists decry the shift of interest from certain disciplines to certain other disciplines. Our colleges are literally awash with formulae for salvation; all of which is healthy and part of the process of getting things done in a democratic, heterogeneous, and always vigorously assertive society.

\* \* \* President Conant and his coworkers at Harvard have provided leadership in this direction with their efforts to develop a new approach to the teaching of science as a general education course. During the current year the corporation made a grant to Harvard for the continuation of this work.

The social sciences also have a significant role to play. Serious men cannot accept the view of those humanists who rhapsodize over Platonic generalizations about society but resent the efforts of the modern social scientist to test these generalizations. \* \* \*

\* \* \* Developments such as the new American studies program at Barnard College (see p. 19) and the courses in Asiatic civilization at Columbia University (see p. 21) would be impossible without vigorous participation, indeed, vigorous leadership, on the part of the humanistic fields. But there is nothing in the humanistic fields which offers a guaranty of salvation. They too have turned out narrow technicians when they might have been turning out educated men. They too have often ignored the central concerns of liberal education.

#### SUMMATION

Based on the foregoing, it can be assumed:

Carnegie Corp. contributed large sums of money to projects which can reasonably be considered "in the educational field" as shown by their activities during the past 40 years.<sup>2</sup>

	<i>In millions</i>
1911-20:	
For library buildings, laboratories, or endowment in liberal arts colleges -----	\$3.5
For development of liberal arts colleges chiefly through endowment...	2.8
1931-40:	
For research, study, publication; grants-in-aid to individuals.....	.5
For development of women's colleges chiefly through endowment....	1.5
For development of fine arts and music in academic institutions....	2.8
For adult education projects.....	4.0

<sup>2</sup> *Ibid.*, p. 150.

<sup>3</sup> Basic Facts About Carnegie Corporation of New York and Carnegie Foundation for the Advancement of Teaching, p. 11.



1941-50:

For area studies in universities.....	3.0
For research by faculty members; grants-in-aid.....	2.5
For education in American citizenship and history.....	2.0
For improvement of educational testing.....	1.2
For training in social science.....	3.0
For research in social sciences.....	2.0
For studies to improve education.....	4.0
For graduate education in the South.....	1.2
For education in international affairs.....	4.0
<b>Total</b> .....	<b>38.0</b>

This total does not include grants:

	<i>In millions</i>
To Carnegie Institute of Technology.....	\$24.3
For development of schools of medicine.....	10.0
For support of dental research and education.....	1.3
For educational projects and for development of educational institutions outside the United States.....	4.0
For development of college libraries and librarianships; library schools or library interests.....	8.6
For free pensions for college and university professors.....	21.5
For others: such as Church Peace Union, Red Cross, etc.....	3.0
<b>Total</b> .....	<b>72.7</b>
<b>Grand total</b> .....	<b>110.7</b>

As mentioned previously, the corporation has contributed \$1,237,711 to the work of the National Education Association, the Progressive Education Association, and the American Council on Education, and their combined activities affect education at all levels.

In the early years of the activities of each of these organizations, the amount contributed by the corporation was undoubtedly a sizable portion of the funds available to each of them.

**CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING  
ESTABLISHMENT, PURPOSES**

The Carnegie Foundation for the Advancement of Teaching, created by Andrew Carnegie in 1905, was the third of the philanthropic agencies he endowed and like the others has its own funds, trustees, administrative offices, and conducts its own affairs.

Fifteen years before when he was appointed a trustee of Cornell University, Mr. Carnegie had been shocked to find that college teachers were "paid only about as much as office clerks." In the summer of 1904 while on his annual visit to Scotland, he renewed an association with Henry S. Pritchett, a member of Theodore Roosevelt's Cabinet and president of Massachusetts Institute of Technology; and from that meeting grew the establishment of a fund to provide pensions for professors in American universities.

There have been two distinctly different phases of the foundation's activities:

1. Activities designed—

to provide retiring pension without regard to race, sex, creed, or color, for the teachers of universities, colleges, and technical schools—

within those institutions—

who, by reason of long and meritorious service, \* \* \* shall be deemed by the board of directors to be entitled to the assistance and aid of this corporation

or who by reason of old age or disability, may be prevented from continuing in the active work of their profession; to provide for the care and maintenance of the widows and families of the said teachers; to make benefactions to charitable and educational institutions, and generally to promote the cause of science and education \* \* \*<sup>1</sup>

## 2. Activities designed—

(b) In general, to do and perform all things necessary to encourage, uphold, and dignify the profession of the teacher and the cause of higher education within the United States, the Dominion of Canada, and Newfoundland aforesaid, and to promote the objects of the foundation, with full power, however, to the trustees hereinafter appointed and their successors from time to time to modify the conditions and regulations under which the work shall be carried on, so as to secure the application of funds in the manner best adapted to the conditions of the time.<sup>2</sup>

Until 1913 the foundation confined its activities to the first phase, partly at least because the attitude of the founder was somewhat different than that of its president, Henry Pritchett. The difference is indicated in an exchange of correspondence between the two. Mr. Pritchett apparently was imbued with the idea of coordinating colleges and universities into a more cohesive group.<sup>3</sup> In December 1905, he suggested as a name, "The Carnegie Foundation for Education," and wrote Mr. Carnegie:

While the primary purpose \* \* \* is the formulation of a pension system, our charter enables us to undertake any sort of educational work for colleges and universities \* \* \* it may well happen in the future that our activities may cover a far greater range with respect to education.

The name did not strike the founder favorably:

The Carnegie Foundation for Education does not strike me favorably. "Foundation" seems superfluous. "Carnegie Professional Pension Fund" or "Carnegie Educational Pension Fund" seems to me better. It might be well, I think, for you to ask suggestions for the name from the (directors) \* \* \* I don't think that you should disguise the fact that it is first and foremost a pension fund. The closer union it may bring about is incidental, though important.

Dr. Pritchett, still president in 1916, indirectly confirms this:<sup>4</sup>

The development of a pension system along sound lines is the most direct duty of the trustees, a responsibility all the more important because the pension problem, while a living problem in every State and Province of the United States and Canada, is still involved in confusion.

### AS THE FOUNDATION VIEWED IT 20 YEARS LATER

The 1923 report includes the following paragraphs on page 20:

The relation of the foundation to educational development and the studies which it has carried on with respect to various current problems in education have occupied a large part of the activities of the officers and of the staff of the foundations. These studies, which have been published in 16 bulletins, have concerned themselves not only with special problems such as those of medical education, of legal education, and of engineering education, but also with the underlying fundamental questions of education which relate to good teaching, to the content of the curriculum, and to the cost of public education. The establishment of the American Law Institute during the present year, by one of the most distinguished groups of judges, lawyers, and law teachers ever brought

<sup>1</sup> New York State Charter, granted May 8, 1905, surrendered when congressional charter granted.

<sup>2</sup> Sec. 2 (b) of congressional charter, granted March 10, 1906. Sec. 2 (a) contains in slightly different language original provision as to pensions.

<sup>3</sup> Fruit of an Impulse, p. 56.

<sup>4</sup> 11th Annual Report, 1916, p. 17.

together, is directly related to the studies on legal education which the foundation has carried out through its division of educational inquiry. Experience seems to indicate that an agency such as the foundation, standing apart from the immediate institutional life and having no constituency of its own, can do its greatest service by enlisting in such studies the most able students in different institutions, and that out of the contact brought about in such groups between teachers, administrators, and school systems, members of the staff of the foundation, and others there is reached a degree of knowledge and of judgment with regard to these problems which commands a larger respect and attention than can be had from the isolated statement of any one individual.

Outside of the direct activities involved in the study and establishment of pension systems and in the educational inquiries and reports that have been made, the officers of the foundation have necessarily been involved in a number of educational relations of a temporary character having to do with the inauguration and operation of the educational organizations of the country, such as the College Entrance Examination Board, the Association of American Colleges, the Association of American Universities, the American Council on Education, the American Association of University Professors, and the various other organizations of those involved in the work of teaching or organization of education.

It has thus come about that during the 18 years of its history, the foundation, while pursuing in the main two specific lines of activity—the one having to do with pensions and pension systems, the other having to do with educational studies, has nevertheless, by the very fact of these activities, been involved in greater or less degree with all those complex relations in education which arise by reason of the relationships between the schools of a nation, and the various bodies that have to do with education. The foundation has sought, during these years to be hospitably minded toward any agency in education that cared for its cooperation.

According to Dr. Savage,<sup>5</sup> Dr. Pritchett's "pet idea" was realized by Carnegie's grant to the foundation for establishment of a division of educational inquiry, and credits "Pritchett's patient persistence."

Dr. Hollis quotes Dr. Pritchett as saying:<sup>6</sup>

I put forward the suggestion, that while the primary purpose of Mr. Carnegie's gift was the establishment of a pension system there would be involved in the administration of this gift a scrutiny of education which would not only be desirable in the granting of pensions, but would go far to resolve the confusion that then existed in American higher education. There was no general requirement of admission to college. Many institutions that were colleges in name, were really high schools, and many universities were scarcely more than modest colleges. I suggested the notion that in the administration of this agency, some criterion would have to be introduced as to what constituted a college.

#### ASSETS

The foundation received from its founder and the corporation \$32,700,000.<sup>7</sup> Its affairs are managed by a board of 25 trustees and according to the report for 1951 had assets of \$12,874,718.84.

In the 1939 report of the foundation appears the following:

The cooperative arrangement between Carnegie Cooperative of New York and the Carnegie Foundation for the Advancement of Teaching respecting projects in the field of higher education has now been in effect for about 15 years. Its success has been unqualified. A series of 148 grants totaling \$1,449,393 have been made by the corporation for 85 projects, of which 14, involving 34 grants, have been carried on in the offices of the foundation, and 71 projects involving \$1,087,350 in 114 grants have been carried on under the auspices of 41 other educational institutions or bodies. To these the foundation has allocated and transmitted the funds provided by the corporation. On account of 3 projects which could not be carried out as planned, \$25,000 was returned to Carnegie Corporation of New York through the foundation. The total of projects effective over the past 15 years is therefore 82.

<sup>5</sup> *Ibid.*, p. 109; Annual Report for 1913, pp. 21-22.

<sup>6</sup> Annual Report for 1935, p. 129.

<sup>7</sup> Basic Facts, p. 13.

## GENERAL POLICY

In the distribution of pensions, the foundation set up standards which must be met by institutions in order to be eligible for pension awards—designating those who met the requirements as “accepted” and others as “not accepted.”<sup>8</sup>

While as outlined earlier the foundation’s activities began as a pension award system for college and university professors, this was shortly used as a springboard into secondary education with the explanation that:

1. It was necessary to define a college in order to grant the pension.
2. In order to define a college it was necessary to establish standards of admission and of college work.
3. If standards of admission were to be established it was necessary to prescribe the courses of study in secondary schools which would fit the student for the college—as defined.

The purposes of the foundation set out in its charter<sup>9</sup> clearly place this agency among those whose sole or primary purpose is of an educational nature, as evidenced by excerpts from its annual reports.

From 1905 to 1951, inclusive, the last year for which complete records are available, the foundation made appropriations to:

Universities, colleges, and schools in the United States.....	\$62, 763, 560
American Council on Education.....	90, 550
Cooperative Test Service, Educational Records Bureau, Graduate Record, College Entrance Examination Board.....	2, 850, 000
National Education Association <sup>10</sup> .....	115, 000
Progressive Education Association <sup>11</sup> .....	92, 000
<b>Total</b> .....	<b>66, 011, 110</b>

The foundation, like the corporation, gave funds to the organizations mentioned previously whose activities were also of an educational nature.<sup>12</sup>

Question 1 and question 2. It would be difficult to draw a line of distinction between the quotations applicable to each of these questions, and for that reason both questions will be covered together.

All quotations are from the foundation’s annual reports unless otherwise indicated, and are only a few of the many similar quotations which might have been chosen, but which have been omitted because to include them would be merely repetitious.

Even after establishment of the division of educational inquiry in 1913<sup>13</sup> the greater portion of foundation funds were appropriated for pensions, or matters directly pertaining thereto, as shown by the following summary of grants from 1905-51:<sup>14</sup>

Retiring allowances and widow’s pensions.....	\$59, 298, 459. 42
Support of Teachers Insurance and Annuity Association.....	513, 465. 37
Grants to colleges to initiate pension plans.....	775, 678. 79
Pension studies.....	30, 012. 87
<b>Total</b> .....	<b>60, 617, 616. 45</b>

<sup>8</sup> Later changed to “associated” and “nonassociated.”

<sup>9</sup> See pp. 26-27.

<sup>10</sup> Although the foundation appropriated funds to NEA (either its own or the corporation’s) Mr. Pritchett himself was strongly opposed to the association’s lobbying activities for a National Department of Education (annual report for 1933).

<sup>11</sup> See footnote 3, p. 17.

<sup>12</sup> See p. 17.

<sup>13</sup> By grant of \$1,250,000 from corporation. Total grants of the corporation were \$32.7 millions.

<sup>14</sup> Basic Facts, *ibid.*, p. 14.

Studies in education (by the division)-----	2, 115, 265. 68
Merger of testing agencies-----	750, 000. 00
Publications-----	45, 632. 18
Cooperative educational studies and research administered but not directed by foundation-----	1, 161, 990. 34
Southern colleges: To stimulate undergraduate teaching-----	873, 775. 54
<hr/> Total-----	<hr/> 4, 203, 963. 74

However, this does not mean that the foundation's activities affected only pensions. Even as early as 1907<sup>15</sup> it was becoming more and more a factor in determining not only what constituted a college, but what type of organization was best for conducting a college, including such matters as the size of the board of trustees, whether or not the president of the college should also be president of the board, and the extent to which alumni should have a government of the institution. The report, referring to fears expressed that "a great gift like this in the hands of a limited number of men might prove a centralized power which would hinder rather than aid the progress of education," discounted such a possibility because the trustees were "in the main college and university presidents who have come up through the profession of teacher, and who are not likely to lose touch with needs and aspirations of teachers."<sup>16</sup>

#### 1911 report

Page 46—The report deplored the fact that:

\* \* \* lack of supervision, both on the part of the General Government, and to a large extent, on the part of the State governments, has resulted not only in an extraordinarily large number of institutions bearing the name college or university, but it has resulted also in the fact that these institutions have become involved in local rivalries, so they represent in very small measure national ideas on national purposes \* \* \*.

The first "inquiry" of the new division, which expanded rapidly, was into the training of teachers and the standards of medical and other professional schools. From the first, emphasis was put on coordination between colleges and universities, between these units and secondary education, and between both and elementary education. The "individualism," "class feeling," and "competition" of educational literature was deplored as was the fact that universities were critical of colleges, that State supported and privately endowed institutions viewed each other with suspicion; and relations existing between colleges and secondary schools, and between liberal and vocational education were referred to as "armed neutrality and open hostility."

Before long, there was to come the recommendation that since educational foundations were conspicuous illustrations of educational cooperation, educational institutions could do no less. The school system is referred to as:

\* \* \* an elaborate hierarchical device that undertakes through successive gradations of textbook makers, superintendents, principals, and supervisors to isolate and prepare each modicum of knowledge and skill so that it may safely be entrusted to the humble teacher at the bottom, who is drilled for a few weeks only, if at all, in directions for administering it ultimately to the child. Meanwhile, superintendents and school boards publicly measure their success by numbers enrolled, by buildings and material equipment added, and by multiplied kinds of schooling introduced; and the people are taught to accept this as educa-

<sup>15</sup> 2d annual report of the president and treasurer, 1907, pp. 54-55.

<sup>16</sup> *Ibid.*, p. 63.

tion. Such perversions are ample comment on the thoughtlessness of our formula. Where is the school system that by enlightened and fearless propaganda has convinced its public that education consists first of all in the superior quality and skill of its individual teachers, and is otherwise meaningless?

Qualitative education, as contrasted with the present dependence upon estimates by bulk and housing, signifies a complete transformation in the character and status of the teaching profession. Such a transformation once properly accomplished, the other necessary modifications will inevitably take care of themselves. America, with its hundred millions of people, needs upward of three-quarters of a million men and women to represent her with the childhood and youth of the Nation in a deliberate and thorough educative process. If wars are to cease and democracy is permanently to hold the field, it will be a democracy with sufficient wisdom to confide this, its most responsible task, to its most competent citizens, and to prepare them thoroughly for its safe discharge. Genuine education, in a sense consistent with any honest vision of its meaning, can proceed only through immediate contact with keen minds fully informed and persuaded of what the rising generation may become, and dedicated to such achievement. Persons so equipped will in general not be had unless the distinguished rewards and opportunities of life are attainable through teaching careers. Moreover, these careers must not be mere avenues of promotion, as in notable cases today, but must constitute and be recognized as opportunities for achievement in themselves. Any other course means simply to exploit the future in the interest of the present by abandoning its control to second-rate minds. Plato's provision that the head of the state be the director of education expresses the unavoidable perspective in a completed democracy.

Marked changes must ensue in our present system of schooling if we undertake to carry out an honest interpretation of our avowed aim of "universal education" by making it not only universal but also education. In the first place our elementary and secondary school systems must be thoroughly integrated into one homogeneous and indivisible unit—a varied but coherent 12-year career for mind and body, whereby, as a youth, each citizen may acquire a certificate of the health, intelligence, and character that underlie a successful society \* \* \*

Dr. Hollis<sup>17</sup> comments on the foundation's activities and policies 30 years later:

The foundation had had a real battle to enforce entrance standards in the relatively homogeneous endowed liberal arts colleges concentrated in the East. With the decision to admit State universities to the benefits of the Carnegie pension system it was faced with the problem of applying on a nationwide scale what was in fact a regional accrediting standard for a group of superior institutions. Educational, financial, and social conditions in this larger territory were so uneven that many of the university officials in the South and Middle West urged a flexibility in Carnegie standards in keeping with the realities the colleges faced. After considerable study of the problem the foundation from considerations of "logical consistency" (and possibly financial expediency), decided to leave the rules a Procrustean bed for all affiliated institutions. The foundation was not constructively interested in how a college might reach eligibility, but it did advise the State universities not to raise their standards faster than the high school could meet them, even if that meant delay in securing pensions. Apparently the attitude was that growth could be stimulated by extending the hope of future affiliation.

#### ELEMENTARY EDUCATION

Considerable attention was given to the place of both the elementary and secondary schools in the educational picture. However, there is indication that after 15 years of effort the foundation itself questioned some of the results.

#### *1923 report*

Pages 78, 83: Commenting that after the schools became free from the hard-and-fixed curriculum and new studies intended to broaden student opportunities were added, the report adds that the resulting overexpansion was not entirely advantageous. As an example, it was

<sup>17</sup> Philanthropic Foundations and Higher Education, p. 133.

pointed out that the organization and quantity of subjects had displaced individual contact, relegating to an inferior position the fundamental truth that education does not consist in the amount of information absorbed but rather in the ability to think clearly and to apply the information accumulated to one's everyday life.

It would, therefore, seem to be fundamental that the elementary school should accept clearly its own limitations. It should make sure that the teaching which is common to all children is done with a sharp discipline of exact requirement, but that a very large part of what is meant to be of cultural value shall be through exercises not followed by examinations, but having as their spring of influence the contact with cultivated and inspiring personalities.

Under this regime the elementary-school curriculum would be greatly simplified.

In the second place, while we must in a democracy proceed upon the assumption that every child is entitled to the fundamentals of an education in the elementary school, we must frankly recognize that a large proportion of the children of the Nation have neither the desire nor the intellectual ability to complete the work of a secondary school with profit to themselves. In no nation in the world is there a task comparable to that of the American teacher in the secondary schools, patiently and devotedly toiling to bring through to graduation multitudes of pupils who have neither the desire nor the ability for intellectual work. The high school should no longer be the refuge for mediocrity that we have made it.

This involves no discrimination against any class or group in the body politic. The stupid or indifferent child is just as likely to be the son of the well-to-do as the son of the day laborer. Teachers are coerced by parents, by school directors, by all the influences that can be brought to bear, to keep in their classes numbers of students whose happiness and usefulness are to be found elsewhere.

Again read without relation to other foundation activities, and without linking with other organizations whose work it supported, this, this too is a reasonable statement of a condition which might need study in order to advance teaching. However, in view of the results attributable to these other organizations in the installation of "uniform standards and curriculum in the public schools," the foundation's statements here and elsewhere in its reports cannot be studied alone.

One of the present conditions, for example, which is undoubtedly attributable to the philosophy reflected in this quotation is the 100-percent promotion rule which exists in many communities, and to which serious objections have been raised.

#### EUROPEAN INFLUENCE—PRUSSIAN, FRENCH, ENGLISH

At this point it should be noted that throughout the foundation's reports the references are too numerous to mention—there are comparisons between education in this country and education in Europe, always to the detriment of the United States.<sup>18</sup>

The foundation began its exchange of secondary school teachers with Prussia in 1908 and the report for 1909 expressed the hope that more secondary schools and those in charge of them would begin to appreciate the benefits to be had from this exchange.<sup>19</sup> This report, and those for succeeding years, stressed the advantages of incorporating into the American secondary school, the same principles found in Prussian schools with the object of raising the quality of teach-

<sup>18</sup> Annual reports for 1910 (pp. 35-39); 1911 (pp. 36-38); 1913 (pp. 57-59); 1924 (pp. 111, 116), and others.

<sup>19</sup> Annual report for 1909, pp. 46-48.

ing and education in the United States to a level comparable to that of Prussia.

#### SECONDARY LEVEL

In addition to cooperation and financial assistance to the National Education Association and the Cooperative Test Service, the foundation itself carried on work in this field. Again, there are numerous examples which might be cited from the reports, but only one or two will be included here.

#### *1924 report*

Page 107 et seq.: Pointing out that the secondary school is the determining factor in the educational structure, the report goes on to state that through its entrance requirements the college dominates the educational program of the high school, yet at the same time there is an unsatisfactory situation as far as the colleges and professional schools are concerned, because of:

\*\*\* a growing army of high-school graduates who lack the qualities of intellectual training which would fit them for fruitful college study. They have indeed complied with the formal college requirements for admission, but they have not learned to use their minds. A large number of the unfit are eliminated in their freshman year, a process neither wholesome for the college nor just to those thus summarily dismissed.

The report recommends as a remedy:

The college can take the first great step by a sweeping change in its entrance requirements. Instead of requiring a dozen subjects and accepting a passing mark on all of them, it must test on a few fundamental subjects on which it will demand a very high order of performance and accept the work of the secondary school in all other subjects. To accept a passing mark of 60 percent has proved demoralizing alike to high school and college, to teacher, and to pupil. In fundamental subjects a high order of performance must be secured. This condition complied with, the college can leave the secondary school free to educate in its own way.

Here again it should be noted that no evaluation is made of this objective, the particular means taken to achieve it; nor is it pertinent whether the results have been good or bad.

In 1928 the foundation began its study of the relations of secondary and higher education in Pennsylvania. This study continued for several years with funds supplied by or through<sup>20</sup> the foundation (\$365,091.36), and formed the basis not only for studies of a similar nature both in this country and abroad, but in the publication of a number of pamphlets; and its recommendations have since been put into effect.<sup>21</sup>

#### *1929 report*

Page 85:

To meet the need for a suitable record a new form was devised and is now published by the American Council on Education. On this record a student's ratings in high school and college are presented graphically and comparatively over a period of years so that his particular mental pattern appears at a glance together with the tendencies of his intellectual development. Space is given for standard test and achievement ratings of whatever nature, and provision is made for appropriate personal data on the same comparative and chronological basis, thus presenting an integrated history of a student's educational growth with the pertinent details.

<sup>20</sup> From the corporation.

<sup>21</sup> The most notable example is probably this suggested form which was recommended by the Progressive Education Association for use in the schools.



## COLLEGE AND UNIVERSITY LEVEL

There can be no doubt that the foundation carried on many activities at this level, not the least of which were those in connection with its pension fund. One of the expressed hopes of the founder and others was that by this method (removal of financial worries) retirement would be accelerated, and new blood brought into this part of the educational process.

Another example is the experimental program of grants-in-aid to instructional staffs in colleges and universities of the Southeastern States which became operative during 1946-47. The organization of this program was based on 4 strategically located centers, each composed of 1 university group and at least 5 neighboring undergraduate colleges. Each center received annually \$15,000 from the foundation, which it matched with \$5,000 of its own funds.

*1946-47*

Page 24: The purpose of the program as stated in the report, is to advance graduate instruction—

\* \* \* to vitalize it; to improve its quality; to help focus attention in college and university alike on the need of improving the general quality of undergraduate teaching. That is the general aim. The choice of ways by which one might seek to achieve this general aim is wide, but, as far as this experimental program is concerned, there has been selected and agreed upon as eminently appropriate, one single way. That particular way is the encouragement of faculty members to carry on research and creative activities in fields in which they are interested and competent. The underlying theory is simple: It is that a teacher actively engaged on a scholarly research or creative project of his own choosing has more than a fair chance of maintaining an intellectual activity which directly and indirectly serves to raise his scholarly self-respect and to make him a more effective teacher. The primary interest of the program, then, is in the teacher and his research, not in the institution and its administrative and curricular problems and physical resources.

The foundation appropriated \$700,000 for this program<sup>22</sup> for a 5-year period, 1946-51.

Graduate testing program, cooperative test service, merger-national testing service: A related activity of the foundation has been the graduate testing program, carried out primarily with funds from the corporation with small additions from the foundation itself.

*1944-45 report*

Page 13:

\* \* \* In 1929, when the foundation was in the midst of an examination study of secondary and higher education in the State of Pennsylvania, the General Education Board made a grant of half a million dollars to establish an organization for experimental service in the construction and use of educational examinations. This impressive gift, routed through the American Council on Education, was intended for the use of its committee on measurement and guidance which had long been active in studying personnel problems under the direction of the late Herbert E. Hawkes, then dean of Columbia College. There was thus set up an agency known as the Cooperative Test Service which for many years under the wise and vigorous leadership of Dr. Ben D. Wood promoted the construction and use of excellent educational examinations in many fields. One of its notable achievements, developed shortly before the war, was the institution of a common qualifying examination for teachers which has been sponsored by the superintendents of a large number of the most important American cities. This test and the graduate record examination possess many features in common.

<sup>22</sup> Funds furnished by the corporation.

With the outbreak and early progress of the war the active functioning of this agency fell into abeyance although its resources continued to accumulate. Its recent revival under a reorganized committee of control was inevitable in view of the indispensable part which objective measurement has played in the educational preparation of the Armed Forces and appears destined to retain in postwar institutional activities.

With the revived Cooperative Test Service the graduate record office has become closely affiliated in the broader matters of policy. Since February 1945, Dr. Kenneth W. Vaughn, the associate director of the Graduate Record Office, has also held the corresponding position with the Cooperative Test Service. This mutual relationship has contributed much to effect a common understanding between the two organizations and to coordinate their efforts in a common cause.

### *1946-47 report*

Page 33: The following year there is further reference to this subject which culminated in the merger of the testing agencies in 1947.<sup>23</sup>

\* \* \* In the main, this report directed attention to the compelling advantages to American education of such a unification and to the principles on which a national nonprofit agency might be organized. The committee in the final paragraph of its report indicated that its primary concern, in this phase of its work, had been with the principles involved, and that no attention was given to the practical problems of the several organizations whose cooperation was essential to the plan. It expressed the hope that its preliminary report would stimulate the fullest possible discussion of the practical means of arriving at the objective.

In the spirit of this statement the committee recommended the establishment of a new organization to be known as the Cooperative Educational Testing Commission. It recommended further that the College Entrance Examination Board, the Educational Records Bureau, the Cooperative Test Service, and National Committee on Teachers Examinations of the American Council and the Graduate Record Office of the Carnegie Foundation, join in the creation of this commission, and that in addition to assets contributed by these constituent agencies not less than \$750,000 be provided by foundation grants.

While the report mentions serious objections raised by representations of the two largest agencies concerned, namely, the American Council on Education and the College Board, it does not state what the objections were, but added that there was no disagreement as to the need for a central agency, or as to its purposes.

### MERGER OF TESTING SERVICES, 1947 REPORT

#### Page 40:

On December 19, 1947, the Board of Regents of the University of the State of New York granted a charter to Educational Testing Service and thus enabled it to begin operations January 1, 1948. Besides the final grant of three-quarters of a million dollars from Carnegie Corporation of New York, there were added to the resources of the new Service approximately \$450,000 from the College Entrance Examination Board and the American Council on Education. The initial capital assets of Educational Testing Service therefore reached about \$1,200,000.

Three trustees ex officio served in perpetuity: the president of the American Council on Education, the chairman of the College Entrance Examination Board, and the president of the Carnegie Foundation. The board consists of from 9 to 25 trustees.

### THE CARNEGIE UNIT

From the beginning the reports placed increasing emphasis on the desirability of "coordinating" all schools throughout the United

<sup>23</sup> 1947-48 report, p. 40.

States, and the setting up of so-called units which became known as Carnegie units.

Dr. Savage,<sup>24</sup> tracing the influence of Dr. Pritchett in the expansion of the foundation's activities into other than pension fields refers to it as a "useful quantitative device"; and the earliest known reference in the public records of the foundation is in 1906. Undoubtedly the foundation worked assiduously for its acceptance, and was successful. When attacks began (as far back as 1909),<sup>25</sup> the foundation replied that it was not standardizing, but merely working for uniformity in entrance examinations, and later<sup>26</sup> that the use of the unit as originally conceived and early promulgated did not tend to injure the educational process, but it was the abuse at a later date by which "the individual student was broken on the wheel of a mechanical device." The foundation's attitude was: "What it has done is to make clear the standards of the colleges themselves, and to throw the light of publicity on the deviations from the standards they themselves have set up."<sup>27</sup>

#### *1947-48 report*

Page 29: This report contains a detailed account of the origin, use, and merits of the "unit" which Dr. Savage closes with the following statement:

Such in outline is the history of one aspect of American higher education in which the Carnegie Foundation for the Advancement of Teaching had an important part. The foundation did not invent the term "unit," nor its definition. In a time of educational confusion such as the country was not again to see until 1945 Dr. Pritchett, for the foundation, used it as one instrument in an endeavor to bring order out of chaos.

The fact that the Carnegie Foundation appears to have been the first philanthropic enterprise professedly to award grants upon carefully considered appraisal of the American college, and, in connection with that appraisal, to use the unit, as invented and defined by others, is probably what led a considerable part of the academic world loosely to prefix to the word "unit" the name "Carnegie." At any rate, the foundation has long considered the implications of the phrase to be unmerited.

#### SUMMATION

From 1905 to June 30, 1953,<sup>28</sup> the foundation spent \$62,763,560 in retiring allowances and approximately \$5 million on studies and research in education.

Like its sister agency, the corporation, the foundation has contributed to the work of the National Education Association the Progressive Education Association, and the American Council on Education, as well as to such programs as the Cooperative Test Service, the Graduate Record Service, and the College Entrance Examination Board. While the amounts contributed to these organizations were not as substantial as those of the corporation, nevertheless we can assume that their activities and the results thereof were acceptable to the foundation.<sup>29</sup>

<sup>24</sup> *Ibid.*, p. 102.

<sup>25</sup> It was asserted that the "unit" was mechanical, tended to work against a true evaluation of the individual, and that in pressing for it the foundation was attempting to impose standards of its own making on American higher education.

<sup>26</sup> Annual report for 1947-48, p. 26.

<sup>27</sup> Annual report for 1909, p. 161.

<sup>28</sup> 48th annual report, 1952-53, p. 44.

<sup>29</sup> See sec. 2 for a description of the activities of each of these organizations.

## THE ROCKEFELLER FOUNDATION—GENERAL EDUCATION BOARD

### INTRODUCTION

The first of four philanthropic agencies created by John D. Rockefeller, Sr., was the Rockefeller Institute for Medical Research in 1901; the second was the General Education Board, limited to the promotion of education within the United States and its Territories, established in 1903; the Rockefeller Foundation, 1913; and the Laura Spelman Rockefeller Memorial established in 1918 in memory of his wife. His total gifts to each of these were: <sup>30</sup>

The Rockefeller Institute for Medical Research-----	\$60, 673, 409. 45
General Education Board-----	129, 209, 167. 10
The Rockefeller Foundation-----	182, 851, 480. 90
The Laura Spelman Rockefeller Memorial-----	73, 985, 313. 77
Total-----	446, 719, 371. 22

NOTE.—In 1928 the Laura Spelman Rockefeller Memorial was consolidated with the Rockefeller Foundation, with the exception of 1 or 2 specialized functions, which did not fit into the foundation's program and which were transferred to a new organization called the Spelman Fund of New York along with \$10 million to carry on its work. This fund has since been liquidated, as has the General Education Board (on Dec. 31, 1953, when all its funds were entirely distributed).

One other agency in this field—the International Education Board, to which he gave \$20,050,947.50—was created by John D. Rockefeller, Jr., in 1923, because of the charter limitations of the General Education Board. At this point it should be noted that the total of half a billion dollars represented by the total of all Mr. Rockefeller's gifts, is not the grand total of expenditures by his various agencies—it is merely the principal to which must be added approximately the same amount in income, which these agencies have also distributed, or yet have to distribute.

### REARRANGEMENT OF ACTIVITIES

The General Education Board carried on activities in the field of education from 1902 to the end of 1953, but the Rockefeller Foundation itself did not become active in the field of education for some years after it was established, except to the extent that its work in the medical, health, and agricultural fields may be considered educational.

The Laura Spelman Rockefeller Memorial operated only during the decade 1918–28, and the International Education Board was in existence from 1923–38.

#### *1928–29 report*

Pages 3–6: In the board's report that year, referring to the various Rockefeller agencies, is stated that it was becoming evident that the line between the activities of each was not clearly marked, resulting in doubts on the part of the public as to the respective fields, and a duplication of time and expense in the presentation of the same projects to two or more of the boards. A committee was appointed to study the situation and to decide how the work might be carried on in closer and more clearly defined cooperative relations. It recommended that a new corporation, the Rockefeller Foundation, be created, into which would be merged the former Rockefeller Foundation and the Laura

<sup>30</sup> Story of the Rockefeller Foundation, Raymond B. Fosdick, p. ix.

Spelman Rockefeller Memorial. A further recommendation was extension of the scope of the new foundation to embrace as a major function—

the advancement of knowledge in—

- (1) the medical sciences,
- (2) the natural science (taking over the program in foreign countries of the International Education Board),
- (3) the social sciences (formerly carried on by the Laura Spelman Rockefeller Memorial), and
- (4) the humanities;

and the appointment of a director and staff for each of these fields.

The final recommendation was division of the field of education in the United States between the Rockefeller Foundation and the General Education Board, along definitely determined lines. The net result of this was to create two Rockefeller agencies: The Rockefeller Foundation, a broad and general operation; and the General Education Board with activities limited to the promotion of education in the United States.

According to this, "education" would fall into the orbit of the board and "research" into that of the foundation. In the case of an undertaking which embraces both objectives, the deciding factor was the principal one, if the motive was education then it was a board activity—if research a foundation activity.

The board from that time dealt chiefly with institutions rather than with learned societies or research agencies. Also, it did not sponsor individual research projects after that time except in educational psychology and the educational processes that fell within its designated fields. Thus, the exclusive activities of the board after that related chiefly to college education, public education and the processes of education, the application of art to industry, and aid in accounting methods and administration.

That year also the board withdrew from the field of medical education because it felt that its part in the endeavor had been completed. During the period 1913 to June 20, 1929, the board had contributed a total of \$87,154,319.33 to universities and colleges for whites, and \$18,191,328.39 to colleges and schools for Negroes, exclusive of any projects carried on in such institutions with board funds.

## THE ROCKEFELLER GENERAL EDUCATION BOARD

### ESTABLISHMENT, PURPOSES, ASSETS

Since the board<sup>31</sup> was the first of the Rockefeller philanthropic trusts in the field of education, its activities will be summarized first.

As in the case of the Carnegie agencies no attempt will be made to evaluate the merits of this agency or the Rockefeller Foundation, and this section of the summary like the other sections will be devoted to ascertaining whether it is possible to find answers to the questions raised in the opening statement.

However, it should be noted that when Mr. Rockefeller gave the \$1 million to the board in 1902, he referred to the fact that the immediate work of the board would be in studying the needs and aiding to promote the educational interests of the people of the Southern

<sup>31</sup> The General Education Board will be designated throughout this section as the board.

States, and during the early portion of its life, it was in these areas that the board's activities were concentrated. It should also be noted that the first permanent endowment, in 1905, amounting to \$10 million was expressly designed to furnish an income—

to be distributed to, or used for the benefit of, such institutions of learning at such times, in such amounts, for such purposes, and under such conditions or employed in such ways as the board may deem best adapted to promote a comprehensive system of higher education in the United States.<sup>32</sup>

This limitation does not appear in the charter of the board<sup>33</sup> and it was later removed by Mr. Rockefeller in subsequent letters of gift.

Management of the board's affairs was in the board of trustees, consisting of not less than 9 nor more than 17 in number, elected for a 3-year term. In following out its purpose it gave grants toward the support of educational institutions, agencies, and projects, as well as individual fellowships.

Although the board was created in 1902, the first published report was in 1914 and it contains the following introductory note:<sup>34</sup>

This volume gives an account of the activities of the General Education Board from its foundation in 1902 up to June 30, 1914. The board has made annual reports to the United States Department of the Interior and these have been regularly printed in the reports of the Department; but no further report has been hitherto issued, because, as the board's work was felt to be experimental in character, premature statements respecting the scope and outcome of its efforts were to be avoided. After something more than a decade, tangible results have begun to appear and to their description and consideration the following pages are devoted. Henceforth, statements will be issued annually, and from time to time, a more critical discussion like the present report will be published.

In view of Mr. Rockefeller's deep interest in the South and southern education, particularly elementary, the board at once set to work to acquire a thorough knowledge of conditions in the Southern States and surveys were made, State by State, culminating in a conference of county superintendents in each State. These studies covered the organization of the public-school system, its finances, the number and character of school buildings, the number, training, and pay of public schoolteachers, private and public secondary schools, institutions for the higher education of women, schools for the training of teachers, and schools, both public and private, for the education of Negroes.

#### *1902-14 report*

Page 13: In a section entitled "Policy of the General Education Board," the report states:

But the studies just referred to did more than supply facts. For out of them a conclusion of far-reaching importance soon emerged. They convinced the board that no fund, however large, could, by direct gifts, contribute a system of public schools; that even if it were possible to develop a system of public schools by private gifts, it would be a positive disservice. The best thing in connection with public-school education is the doing of it. The public school must represent community ideals, community initiative, and community support, even to the point of sacrifice. The General Education Board could be helpful only by respecting this fundamental truth. It therefore felt its way cautiously, conscious of the difficulty, complexity, and delicacy of the situation.

As a statement of policy this language leaves nothing to be desired and as referred to previously, in this respect the avowed intentions of

<sup>32</sup> Letter of gift, June 30, 1905.

<sup>33</sup> Act of Congress, January 12, 1903.

<sup>34</sup> P. XV, annual report, 1902-14.

the Rockefeller agencies were at variance with the avowed intentions of the Carnegie Foundation for the Advancement of Teaching.

Question 1 and question 2. It is difficult, if not impossible, without duplication to completely separate the quotations pertaining to these two questions. For that reason and because they have equal validity in providing answers to both questions, no attempt will be made to distinguish between them.

Unless otherwise indicated, all quotations are from the annual reports of the board, with the year and page as noted. Because the activities of the board which relate to these questions are so varied and also because they fall into certain more or less distinct topics they have been subdivided.

#### ELEMENTARY AND SECONDARY EDUCATION

##### *1902-14 report*

Pages 80, 81, 83: There is a certain amount of overlapping between these two levels of education, and for that reason no dogmatic distinction has been made. Because it saw deficiencies in secondary education in the South, the board approached the problem by selecting a person or persons whose business it was to inform, cultivate, and guide professional, public, and legislative opinions. Believing there was need in every State for trained specialists in the field of secondary education, it felt this individual should also "skillfully and tactfully marshal all available forces for the purpose of securing concerted action calculated in time to realize a secondary school system." Aware of the lack of funds in the hands of the State departments of education, or the State universities themselves, the General Education Board then entered the picture and stated its willingness—

to make appropriations to the several State universities for the salaried and traveling expenses of a professor of secondary education whose main and principal work shall be to ascertain where the conditions are favorable for the establishment of public high schools not in existence; to visit such places and to endeavor to organize in such places public high schools in accordance with the laws of the State; to endeavor to create in such communities a public sentiment that shall permanently sustain such high schools, and to place the high schools under such local leadership as shall give them intelligent and wise direction, and he and the university shall exercise a fostering care over such institutions.

While stating that the board did not attempt either to indicate or to dictate the lines along which the individuals should exert themselves, it describes their activities in the following terms:

In addition, the professors of secondary education were high-school evangelists traveling well-nigh incessantly from county to county, returning from time to time to the State university to do their teaching, or to the State capitol to confer with the State superintendent. Wherever they went, they addressed the people, the local school authorities, the county court, teachers, businessmen and business organizations, county and State conferences, etc. They sought almost any sort of opportunity in order to score a point. Law or no law, they urged their hearers to make voluntary efforts toward a county high school, if a start had not yet been made; to add a grade or a teacher to a school already started; to repair the building or to provide a new one; to consolidate weak district schools into a larger one adequate to town or county needs. Nor did they merely expose defects, tender advice, and employ exhortations; they not only urged the policy, but nursed a situation. By correspondence they kept in touch with places already visited; from time to time they returned, to renew pressure or to recognize achievement. \* \* \*

During the 10-year period the board contributed \$24,862 in 12 Southern States.

*1915-16 report*

Page 39: The board held meetings those years on the question of "needed reforms in elementary and secondary education," one outgrowth of which were the Occasional Papers 2 and 3. However, the Board was again quick to state that it was interested only in facilitating the trial of "promising educational experiments under proper conditions."

*1918-19 report*

Page 41: The board continued to make sums available to the State universities for a professor of secondary education and also made funds available for departments of secondary education. These professors of secondary education were urged and encouraged to work on the high-school curriculum and organization as well as the improvement of teachers in actual service and the administration and effect of State subsidies and Federal grants, and it was around this time that the subject of "public education" was included as a section of the annual report.

Throughout its history the board divided its activities, devoting a section to white colleges and universities, and a section to Negro education.

*1923-24 report*

Page 29: The board states it was becoming increasingly clear that the professors of secondary education had substantially achieved the purposes for which they were originally supported.

That same report, in referring to the improvement in the State departments of education in the Southern States, announced that it had decided that the need was for trained men and women in the field and with that object in mind it had appropriated in 1922, \$50,000 to provide scholarships for persons occupying important posts and increased the sum to \$80,000 during the year just closed.

The colleges most frequently selected were:

George Peabody College for Teachers  
University of Chicago  
Teachers College, Columbia University  
Columbia University  
Cornell University  
University of Wisconsin  
Harvard University  
University of California  
Hampton University

GENERAL EDUCATION INCLUDING TESTING AND ACCREDITING PROJECTS

The board began what it referred to as a general education program in 1933 and it continued for about 5 or 6 years. It was during this period that much of the work of the various testing and accrediting agencies was being done, and for that reason much of the comment in the reports is on that subject.

*1933-34 annual report*

Page 4: In this report there is the following statement:

From 1929 to 1932 the board gave its support to several projects for the improvement of school and college relationships and for the intensive development



of quality in college education \* \* \*. Through aid to institutions and to educational commissions, there were studies made of the accrediting, examining, and teaching procedures in force at a number of representative institutions and within large areas of the country. At a few places controlled experiments were carried on by the college administrative officers and staff having the responsibility of selecting students and of organizing courses of study for both schools and colleges \* \* \*.

*1933-34 annual report*

Page 5: Referring to the critics of educational practice and their request for new purposes rather than for further modification in existing routine, the report states:

It was pointed out that too little has been done to discover a form of education universally useful to man in society today; that by formal or informal methods every individual should be made familiar with the forces that he will encounter in daily living; and that apart from special preparation for earning a livelihood, he should be made ready for continuous participation in the responsibilities and satisfactions of life to the extent of his individual ability.

The purposes of a general education for individual and social usefulness can be stated, they believe, in a way that will have meaning for adults as well as for younger students; the adaptation of methods for its attainment will then be practicable through the processes of formal and informal studies. From such considerations the board reached the conclusion that assistance through the further definition and development of general education through appropriate agencies should be one of the purposes of its new program.

This is included at this time in view of the grants made later by the board to other organizations and for types of projects.

#### BUILDING AMERICA

*1935-36 annual report*

Page 8: The report contains the following, under a subheading "Reorganization of Subject Matter Fields—Society for Curriculum Study 'Building America'":

In the spring of 1935, a new monthly periodical was launched by the Society for Curriculum Study with the assistance of funds provided by the General Education Board. The magazine represents an attempt on the part of the society to meet a long-felt need in secondary education for visual as well as factual study of contemporary problems of our social, political, and economic life. A characteristic feature of the publication lies in its emphasis upon pictures and graphs as a means of presenting facts and indicating problems. Housing, Men and Machines, Transportation, Health, Power, Recreation, and Youth Faces the World are among the issues already published. Throughout the various types of curriculum, ranging from instruction in subject matter to the newer types organized around basic functions or major interests of society, Building America studies are now being used in valuable organized visual aids and as useful units of study. A further appropriation of \$30,000 over a 3-year period was made this year by the board with a view to developing the magazine to a point where it will be self-supporting.

*1935-36 annual report*

Pages 11, 12, 13:

The various educational accrediting associations of this country are in position to play a significant role in the reorganization of secondary education. For some time now, they have recognized that important modifications in standards and procedures for accrediting are imperative and a cooperative attack on the problem has been organized by a joint committee of 21 members representing the several associations \* \* \*.

\$116,000 over a 2-year period has been made by the board to the American Council on Education.

*1936-37 report*

Pages 60-67: Grants were made that year in support of work by organizations and institutions in the following types of activities:

General planning of educational reorganization: Taking stock of the situation, discussion, and agreement upon the purposes of general education, and planning for such reorganization of general education as is necessary to make it attain these purposes.

Experimentation with the curriculum and evaluation of the results of such experimentations.

Preparation of new instructional materials and experimentation with new methods of teaching: This includes experimentation with new instruments of education such as film and radio.

Recruiting, selection, and education of teachers: This includes the education of teachers already in service as well as work with prospective teachers.

Study of youth: This includes studies of the special needs of various racial and economic groups as well as studies of the needs of all young people for normal physical, intellectual, and personal developments.

Again the organizations selected were the Progressive Education Association, the National Education Association Department of Secondary School Principals, and the American Council on Education as well as the National Council of Parent Education, the American Youth Committee, and Teachers College of Columbia University.

*1936-37 annual report*

Pages 63-65: Dr. Robert J. Havighurst, director for general education, made some interesting comments in this report. After describing the evolution of the high school from the traditional function of preparing a small selective group for positions in business and industries and another for institutions of higher learning to the education of the mass of youth for more effective living. He states:

The kind of reorganization that the secondary schools must undergo is determined by social change in two different ways. As just indicated, social change has brought young people of the most diverse capacities and interests into the secondary schools which must develop a program to meet their needs. In addition, social change is making new demands upon all people for understanding human nature and society \* \* \* for social change has made it necessary to discard to a large extent old ways of living, many of which could be managed by instinct, habit, tradition, and sheer untrained power \* \* \* While we do not need to develop new physical organs and adapt old ones to the new life, we do need to develop new ways of living and to modify old ones. In this process a reorganized program of general education can play an important part.

\* \* \* one of the most significant things about the actions of educators and educational organizations in this connection is their concern for making a reorganized general education serve to help young people develop a loyalty to democratic ways of living and a confidence in democratic methods of solving social problems.

He goes on to state that both the National Education Association and the Progressive Education Association feel responsible for saying in definite terms what they believe the ideals of democracy to be and how education should be organized to lead to the realization of these ideals.

These comments are particularly significant in the light of the activities of the National Education Association and the Progressive Education Association under what they term "democracy."

*1937-38 annual report*

Pages 66-69: Dr. Havighurst, after pointing out some of the deficiencies of the high school insofar as the mass of young people were concerned, because the curriculum was geared to the requirements of

the minority, pointed out that while the board could not commit itself to any one approach to these problems, it did extend assistance to a number of responsible and representative organizations with the idea of formulating what, in their opinion, are the underlying purposes of a general education for young people and following that to recommend a series of changes calculated to make "the systematic care and education of youth serve these purposes better."

The board gave as its reasons for selecting the American Council on Education, the National Education Association, the Progressive Education Association, and the regents of the University of the State of New York the fact that "no truly representative canvass of existing knowledge and points of view on the problems of youth could have been made without the participation of these groups."

While Dr. Havighurst felt that the unanimity of these groups in recommending a thoroughgoing reorganization of general education at secondary levels was remarkable such unanimity would actually appear to be only the logical result of the close cooperation and joint projects of these groups and others, including Columbia University and Teachers College.

The board went on to give grants to those organizations which it considered to be factfinding and deliberative and these were the same groups which had done the preliminary studies.

In his report, Dr. Havighurst made the following comments on the work of the American Historical Association, after referring to the various deliberative committee reports which had been effective in shaping American public education during the years roughly of the board's operations:

The present decade has produced several committees whose reports may be ranked with those of previous decades. Four years ago the commission on social studies of the American Historical Association published an important series of books dealing with the teaching of social studies in the schools. The committee on orientation of secondary education (a committee of the Department of Secondary School Principals of the National Education Association) has produced two reports—one on the Issue of Secondary Education and the other on the Functions of Secondary Education. The Federal Government's Advisory Committee on Education is now issuing a series of statements on its various inquiries. To these documents may now be added reports coming from several groups which have received aid from the General Education Board.

He goes on to discuss the reports of the regents' inquiry as to the character and cost of education in New York and those of the American Youth Commission.<sup>35</sup>

One of the most important results was the issuance of three major statements on educational policy by the Educational Policies Commission of the National Education Association entitled "The Unique Function of Education in American Democracy," Charles A. Beard; the "Structure of Education in American Democracy," by George D. Strayer; and "The Purposes of Education in American Democracy," by William G. Carr, secretary of the National Education Association.

*1938-39 annual report*

Pages 87-93: Referring to the board's program in the fields of general education through the American Youth Commission of the American Council on Education, the Educational Policies Commission

<sup>35</sup> How Fare American Youth? Homer P. Rainey; Secondary Education for Youth in America, Hari Douglass; Youth Tell Their Story, Howard M. Bell.

of the National Education Association and the Commission on Secondary School Curriculum of the Progressive Education Association and the inquiry staff of the New York State Board of Regents (reporting that much of the work had been completed or was nearing completion) Dr. Havighurst continues: "And is now serving not only as a basis for changes in the curricula of many secondary schools but as an incentive to experimentation with a variety of procedures for the care and education of young people."

\* \* \* \* \*

Page 93: Dr. Havighurst, referring to the activities of the board states:

Aid to experiments with the curricula of secondary schools and junior colleges and evaluation of the results of such experiments has been an important part of the board's work in general education. Grants for work in this area have included such undertakings as the Progressive Education Association's 8-year experimental study of the 30 schools, the American Council on Education's Cooperative College Study, and the Michigan Secondary School Curriculum Study \* \* \*. The interest was continued by appropriations that year including a continuation of the National Education Association civic education project, one of the major objectives of which was the improvement of civic education in the United States with particular stress on the importance of developing in young people an intelligent, appreciative, and active loyalty to democracy.

*1940 annual report*

Page 4: A total of some \$8,500,000 had been appropriated, the effects of which, the report states, it was too early to judge. But the report continues:

But it can be said with considerable assurance that the studies and experiments which have been aided by the board under its program in general education have made significant contribution toward a better understanding of the problems of youth in an age of rapid social change \* \* \*. Undoubtedly, projects aided by the board had stimulated a widespread interest in the development of ways for improving the care and education of young people; they have built up a new and much-needed body of organized psychological, physiological, and social knowledge about youth; and they have set in motion systematic planning on the part of institutions and national organizations for a continuing consideration of problems involved in the preparation of youth for the democratic way of life.

\* \* \* \* \*

Page 76: Dr. Havighurst once again devoted a special section of his report to discussing the program in child growth and development which the board had been supporting since 1933, continuing the interests evidenced by the Laura Spelman Rockefeller Memorial. From 1933 to the close of 1940, \$1,032,888 had been appropriated for studies of adolescents; \$519,543 for studies of infancy, and \$173,000 for fellowships, conferences, and special studies. In 1940 the board removed the earmarkings of the various sums which prior to that time had been segregated for different phases of the board's programs and that year, 1940, also marked the end of the general education program which began in 1933.

*1949 report*

Page 34: Referring to the National Citizens Commission for the Public Schools, the report states:

Among the most promising projects for rehabilitating the public schools was that begun during the year by the National Citizens Commission for the Public Schools, New York. This laymen's commission was established upon the advice of a number of leading educators, and under the chairmanship of Mr. Roy E.

Larsen and is arousing latent grassroots interests in the improvement of public education. By means of studies, conferences, printed materials, addresses and publicity the committee intends to bring about community participation in behalf of better school administration, better instruction and more generous support for local educational needs. In publicizing examples of good school and community practices, the Commission hopes to assist thousands of communities in their efforts to build stronger schools. This is the first laymen's attempt to deal with this important educational problem. Toward expenses of its first year, the board appropriated \$50,000.

*1950 annual report*

Page 45: The following year, reporting on this commission the report states: "The Commission has stimulated group action by example rather than by direction." Good practices have been publicized, conferences and study groups have been encouraged, and in response 973 local citizens' committees have been set up across the country to deal with local school problems. The report goes on to state that regional offices have been established and subcommittees set up, and the board appropriated \$75,000 for use over the next 2 years.

COLLEGES AND UNIVERSITIES

*1902-14 report*

Pages 142, 143, 148:

The three main features of the policy of the general education board in dealing with higher education may therefore be expressed as follows:

- (1) Preference for centers of wealth and population as the pivots of the system;
- (2) Systematic and helpful cooperation with religious denominations;
- (3) Concentration of gifts in the form of endowments.

The board tentatively decided that an efficient college should enjoy an income from endowment covering from 40 to 60 percent of its annual expenditures and from these and subsequent reports it would appear that grants from the board were held out as an incentive to institutions to put themselves in this financial position. This procedure is in no wise unusual and was contingent upon the institution itself raising matching or greater sums. And again, no criticism is made of this approach, that such grants were in education fields, and selected educational fields and somewhat too, selected educational institutions, is only pertinent in relation to this question.

Another item which the board refers to as safeguarding the property of the institutions was to give special attention to the business methods of the institutions to whom grants were made and on this point the report states: "\* \* \* The board was indeed bound to exercise as much care in the distribution of its income as in making investment of its principal. For this reason, the business management of colleges applying for contributions has been carefully scrutinized with a view to suggesting such improvements as might be advisable." From this it is reasonable to assume the board at least to a degree decided upon what were efficient methods.

The board itself admits that its grants were in the nature of incentive grants, and of this there can be no doubt, and at this stage in its operations the board also freely admitted that many years would have to elapse before the main task in which the board was assisting could even be approximately completed, but it felt that the board's gift served an indispensable purpose as leverage.

Until 1915 the board's activities were grouped into the following divisions:

- (1) Appropriations for colleges and universities
- (2) Medical education
- (3) Education in the Southern States, including white rural schools, Negro rural schools, and secondary education.
- (4) Farm demonstrations
- (5) Educational research

In the following years the title selected was somewhat different, but the fields of activity remained practically the same, with professional education becoming a section around 1920.

#### LINCOLN SCHOOL

##### *1916-17 report*

Pages 48-49: This report contains the first mention of the grants made to Lincoln School, and the board states that this is an example of the service that can be performed in "support of educational experiments." It goes on to state that the Teachers College of Columbia University had requested the board to provide the funds needed to conduct a school which endeavored "to organize a liberal curriculum out of so-called modern subjects." The report compared this to its work in the farm demonstrating program and added: "In addition to its primary and essential task—that of endeavoring experimentally to construct another type of education—the Lincoln School will, in the judgment of its promoters, assist in developing a critical attitude throughout the field of education."

##### *1924-25 report*

Page 21: The board decided that year that the Lincoln School had a permanent function to perform and it made initial appropriation of \$500,000 to Teachers College toward endowment. Referring to its activities later,<sup>36</sup> the board states: "During recent years the appropriations of the board to colleges and universities have been mainly directed to the development of graduate activities." And declaring that a fine line cannot be drawn, it continues: "The board is now looking to the development of graduate instruction and research."

##### *1925-26 annual report*

Pages 36-37: In reporting its appropriation of \$500,000 toward the endowment of Lincoln School, at the discretion of Teachers College, the board quotes from the annual report of Dr. Russell, dean of Teachers College, as follows:

Eight years ago, with the support of the general education board, we established the Lincoln School for the purpose of experimenting with the materials of instruction and methods of teaching suitable to a modern school. The success of the undertaking has exceeded all expectations from the standpoint both of a school and of an experiment station.

#### SUMMATION

Based on the foregoing:

1. The board contributed large sums of money to projects in the educational field.
2. In the course of its activities the board has made grants to the American Council on Education, National Education Association, and

<sup>36</sup> 1927-28 annual report.

the Progressive Education Association and others in the following amounts:

Universities, colleges, and schools in the United States-----	\$257,157, 581
For adult education-----	50, 000
American Council on Education-----	4, 841, 005
Columbia University <sup>1</sup> -----	(7, 607, 525)
Cooperative test service, Education Records Bureau, graduate record, college entrance examination board-----	3, 483, 000
Lincoln School of Teachers College <sup>1</sup> -----	(6, 821, 104)
National Citizens Commission for the Public Schools-----	150, 000
National Education Association-----	978, 312
Progressive Education Association-----	4, 090, 796
Teachers College <sup>1</sup> -----	(11, 576, 012)
University of Chicago <sup>1</sup> -----	(118, 225, 000)
<b>Total</b> -----	<b>270, 750, 694</b>

<sup>1</sup>Grants to these institutions are included in amount shown for universities, colleges, and schools.

### THE ROCKEFELLER FOUNDATION

#### ESTABLISHMENT, PURPOSES, ASSETS

As mentioned in the section dealing with the board, the foundation was the last agency created by Mr. Rockefeller which is still in existence. The amounts and dates of his gifts to the foundation<sup>37</sup> were:

1913-----	\$34, 430, 430. 54
1914-----	65, 569, 919. 46
1917-----	25, 765, 506. 00
1917-----	5, 500, 000. 00
1918-----	1, 000, 000. 00
1919-----	50, 438, 768. 50
1926-----	37, 000. 00
1927-----	109, 856. 40
Subtotal-----	182, 851, 480. 90
1929 <sup>38</sup> -----	182, 851, 480. 00
<b>Total</b> -----	<b>369, 702, 960. 90</b>

The foundation's affairs are under the direction of a board of 21 trustees, elected for 3 years, and its charter<sup>40</sup> states as its purpose "To promote the well-being of mankind throughout the world." As of December 31, 1952, its assets were \$167,890,851.75 and its income for that year was \$16,893,519. Both principal and income may be spent.

According to the information filed with the Cox committee<sup>41</sup> by the foundation, its expenditures from May 22, 1913, to December 31, 1952,<sup>42</sup> were:

For land, buildings, and fixed equipment-----	\$48, 232, 370
For endowment and capital funds-----	70, 003, 956
For current support of institutions, agencies, projects, and fellow- ships-----	340, 101, 279
<b>Total</b> -----	<b>458,337,605</b>

For 15 years after its creation the foundation placed its major emphasis on public health and medical education, although a division

<sup>37</sup> This term will be used in this section to refer to the Rockefeller Foundation.

<sup>38</sup> Funds from the Laura Spelman Rockefeller Memorial.

<sup>39</sup> Annual report for 1952 gives \$316,220,394 as received from donors.

<sup>40</sup> Incorporated by special act of New York State Legislature, 1913.

<sup>41</sup> And incorporated in annual report for 1952, latest available.

<sup>42</sup> Does not include expenditures of Laura Spelman Rockefeller Memorial prior to consolidation.

of studies had assigned to it several miscellaneous interests, including the training of nurses, aid to dispensaries, human aspects of biology, and anthropology. In time its programs and those of the other Rockefeller agencies began to overlap, and in 1928 after an extended study a plan was evolved whereby all programs of the four Rockefeller boards relating to the advance of human knowledge<sup>43</sup> would be concentrated in the foundation.

The expenditures of the foundation from 1913 to December 31, 1952, in fields of major interest were:

Appropriations for the social sciences, humanities, medicine and public health, and natural sciences and agriculture have been excluded.<sup>44</sup>

While the foundation as mentioned has disclaimed any credit for results, we can assume that their contributions would not have continued had there not been some measure of approval of the activities and the results. Here again, since the foundation is an operating agency only in the field of public health and agriculture, the results of the agencies selected for contributions are pertinent, and particularly insofar as there have been traceable and evident effects in the educational field as the result of the agencies' activities, they are attributable to the foundation itself.

The work of the agencies aided by the foundation have already been described briefly elsewhere, with the exception of the Institute of International Education, which is quite evidently in the field of education, and that description will not be repeated here. It is sufficient to state that the results of their activities are apparent.

Public health and medical sciences.....	\$227, 981, 638
Natural sciences and agriculture.....	43, 335, 198
Social sciences.....	<sup>45</sup> 63, 775, 805
Humanities.....	26,816,321
<b>Total.....</b>	<b>361,908,962</b>

The foundation, as well as the board,<sup>46</sup> sought to influence higher education largely through the universities and the associations of learned societies, but no attempt will be made to cover the contributions of the foundation or the board to the latter group of organizations. According to Dr. Hollis,<sup>47</sup> the foundation profited by the experience of the Carnegie Foundation for the Advancement of Teaching (whose methods in this field have been discussed earlier) and thus avoided much of the criticism that was directed at that agency. Perhaps another reason was that the foundation came into being after a decade of public awareness, but it should be noted that at its inception the foundation was subjected to severe attack when it applied for a congressional charter, and (although the board had been granted one in 1903) so great was the opposition that the matter was dropped.

For whatever reason, the annual reports of the foundation are much less outspoken in their evaluation of their activities and merely state in narrative and statistical terms the grants made each year. How-

<sup>43</sup> Later expanded to include the dissemination and application of knowledge.

<sup>44</sup> Any overlapping is very slight and does not affect the validity of these figures.

<sup>45</sup> Does not include \$55,339,516 disbursed by Laura Spelman Rockefeller Memorial prior to consolidation in 1929.

<sup>46</sup> This term will be used throughout this section to refer to the Rockefeller General Education Board.

<sup>47</sup> Philanthropic Foundations and Higher Education.



ever, a glance at these grants over the years will substantiate the statement that the foundation has been active in the field of education throughout its existence and in some specialized aspects (such as teacher training and the like) it has been particularly active since the early thirties.

Moreover, this is confirmed by the extensive answers of the foundation's Cox committee questionnaire (sec. E).<sup>48</sup> In the preliminary comment to that section there is a statement of the policy of the foundation which can be summed up in the last sentence: "We are ready to state what we have done, but much of the assessment of its worth must be left to others."

#### *1948 annual report*

Page 7: Within recent years there has been a brief statement which conveys the foundation's own estimates:

The chartered purpose of the foundation with its wide scope and its absence of preconceived or specialized interests has in a quite informal and undersigned manner caused the foundation to become one of the crossroads of the scientific, educational, and scholarly world.

#### SUMMATION

In addition to its direct grants to colleges and universities, the foundation appropriated the following sums from 1929-52:

Universities, colleges, and schools in the United States <sup>1</sup> (estimated) .....	\$335,000,000
For adult education.....	3,435,500
American Council on Education.....	1,235,600
Columbia University (1929-52).....	33,300,000
Institute of International Education.....	1,406,405
London School of Economics.....	4,105,592
National Education Association.....	31,900
Teachers College.....	1,750,893
University of Chicago.....	<sup>2</sup> 60,087,000
<b>Total.....</b>	<b>440,352,890</b>

<sup>1</sup> Does not include appropriations made to Chicago University, Columbia University, Teachers College, or the London School of Economics.

<sup>2</sup> Includes grants of \$35 million by John D. Rockefeller, Sr.

While the greater portion of its expenditures have been in the field of university and college education, it has also contributed to the work of the American Council on Education, the National Education Association, and the Progressive Education Association (as shown by the foregoing table), and also to adult education generally.

Question 3. It is apparent that each of the Carnegie and Rockefeller agencies referred to have carried on activities at all levels of education, either as an operating agency or through its choice of institutions and other organizations.

Among the organizations selected have been: The American Council on Education, the National Education Association, and the Progressive Education Association, the Institute of International Education and the National Citizens Commission for the Public Schools.

<sup>48</sup> P. 79 of Rockefeller Answers to Questionnaires.

The American Council on Education is in the nature of a coordinating agency between the Government and educational institutions and organizations, but also carried on projects which affect education at all levels.

The National Education Association and the Progressive Education Association concentrate on primary and secondary schools.

The Cooperative Test Service, the Educational Records Bureau, and the Graduate Record and College Entrance Examination affect education at all levels.

The Institute of International Education carries on its activities in secondary schools and at college and university levels.

There is considerable evidence that the efforts of the first three of these organizations, to a greater or lesser degree, have resulted in standardization of methods, both as to teaching (including testing and training of teachers) and administrative practices in the field of education.

Even those not in the educational field recognize that today there is, in effect, a national set of standards of education, curricula, and methods of teaching prevailing throughout the United States. As a practical matter, the net result of this is nothing more nor less than a system of education which is uniform throughout the country. Moreover, in the case of the National Education Association, one of its goals for the "united teaching profession in 1951-57," is stated on page 13 of the National Education Association Handbook for 1953-54 to be:

A strong, adequately staffed State department of education in each State and a more adequate Federal education agency.

\* \* \* \* \*

Equalization and expansion of educational opportunity including needed State and national financing.

The Carnegie and Rockefeller Foundations mentioned have contributed \$20,249,947 to these four agencies (or almost 9 percent of the total of all their grants in this field of activity);<sup>49</sup> and since the support has continued up to now it indicates approval and sponsorship of the activities of these agencies and their results.

Among the institutions selected have been: Chicago University, Columbia University (including Teachers College) and the Institute of International Education, and the London School of Economics.

These institutions have received contributions amounting to \$194,100,589, or approximately 22 percent of the total grants to all universities, colleges, and schools, including the amount contributed to pension funds by the Carnegie foundations. If the pension funds are excluded, then the contributions represent 27 percent of the funds given universities, colleges, and schools.

<sup>49</sup> Excluding grants to universities, colleges, and schools.

In addition, with the exception of the Rockefeller Foundation, all contributed to the various testing and accrediting agencies which were finally merged into the Educational Testing Service (aided also by grants from these foundations).

The amount and distribution of the appropriations are summarized in the tabulation following:

[In millions of dollars]

	Carnegie		Rockefeller		Total
	Corporation	Foundation	Board	Foundation	
Universities, colleges, and schools in the United States.....	56.838	62.764	257.158	335.000	711.760
Adult education.....	3.013	-----	.050	3.436	6.499
American Council on Education.....	1.013	.092	4.841	1.236	7.182
Columbia University.....	2.687	-----	7.608	33.300	43.595
Cooperative Test Service, Educational Records Bureau, Graduate Record, College Entrance Examination Board.....	.091	2.850	3.483	-----	6.424
Institute of International Education.....	2.366	-----	-----	1.406	3.872
National Citizens Commission for the Public Schools.....	.750	-----	.150	-----	1.000
National Education Association.....	262	.115	.979	.032	1.388
Progressive Education Association.....	.076	.092	4.091	-----	4.259
Teachers College.....	3.728	-----	11.576	1.750	17.054
University of Chicago.....	2.420	-----	118.225	60.087	180.732
Lincoln School of Teachers College.....	-----	-----	6.821	-----	6.821
London School of Economics.....	-----	-----	-----	4.106	4.106
Total.....	-----	-----	-----	-----	994.492

The quotations already given from the various reports relate also to this question regarding the effects of foundation activities in education, and therefore only 1 or 2 additional references will be included.

Probably the most recent self-evaluation by one of this group is that contained in the 1952 Report of the Carnegie Foundation for the Advancement of Teaching, at page 14:

*1952 report*

Page 14:

One of the developments which has produced the most lively debate in educational circles has been the widespread movement to reinvigorate the ideals embodied in the term "liberal education." The goal is rather widely accepted, but there is substantial difference of opinion as to how to achieve it. The general educationists offer a variety of curricular reforms. Advocates of the great books press their claims for the wisdom of the past. Humanists decry the shift of interest from certain disciplines to certain other disciplines. Our colleges are literally awash with formulae for salvation; all of which is healthy and part of the process of getting things done in a democratic, heterogeneous, and always vigorously assertive society.

\* \* \* President Conant and his coworkers at Harvard have provided leadership in this direction with their efforts to develop a new approach to the teaching of science as a general education course. During the current year the corporation made a grant to Harvard for the continuation of this work.

The social sciences also have a significant role to play. Serious men cannot accept the view of those humanists who rhapsodize over platonic generalizations about society but resent the efforts of the modern social scientist to test these generalizations \* \* \*.

\* \* \* Developments such as the new American studies program at Barnard College (see p. 19) and the courses in Asiatic civilization at Columbia University (see p. 21) would be impossible without vigorous participation, indeed, vigorous leadership, on the part of the humanistic fields. But there is nothing in the humanistic fields which offers a guaranty of salvation. They, too, have turned out narrow technicians when they might have been turning out education men. They, too, have often ignored the central concerns of liberal education.

A statement on this point made in the early years of its existence is found on page 87 of the 1902-14 Report of the General Education Board under the heading "Favorable Legislation":

It can fairly be said that in framing and putting through this legislation, the high-school representatives supported by the General Education Board have in every instance taken a leading part. They would, however, be the first to refuse any undue credit. The organizations already mentioned—the Peabody Board, the Southern Education Board, and the Conference for Education in the South—had greatly stimulated the demand for adequate and orderly educational facilities; in every State, local bodies and organizations, State and local officials were working along one line or another to arouse educational interest.

The section concludes with results in terms of increased schools, buildings, and so forth, and the amounts appropriated by individual States for new and improved buildings.

In a later report of the board (1939-40, p. 22) in a section entitled "How Have the General Education Board's Activities Been Related to These Happenings?" there is the following paragraphs:

Board-aided projects have been associated with nearly all the changes described above. It is obvious, however, that these changes have been called forth by the broad social changes of the times, not by the educators, not by educational foundations. If educational changes are well adapted to the broad social changes of the times, they find a place and are incorporated in the continuing social processes.

However, based on the records of the board itself, no other projects which might possibly have resulted in "changes"<sup>50</sup> were selected except those board-aided projects.

The board, in appraising its contributions to the American Council on Education's Cooperative Study of Secondary School Standards (1947-48 report, p. 113), wrote:

Under an earlier program of the General Education Board appropriations were made to the American Council on Education for the study of standards for the secondary schools. The regional accrediting associations for whom the study was undertaken were interested in developing methods of evaluation that would take account of significant qualitative factors, so that less reliance would need to be placed on the purely quantitative criteria in the evaluation of secondary schools. The study committee worked out and tested new criteria and procedures and published its conclusions in four volumes: *How To Evaluate a Secondary School*, *Evaluative Criteria*, *Educational Temperatures*, and a *General Report*. The committee anticipated that these materials and procedures would need review and revision about every 10 years.

<sup>50</sup> That is, those such as the Eight-Year Study, the Study of Secondary School Curriculum, and the Cooperative Study of General Education.

Since 1938, almost 25 percent of the secondary schools of the country have used the new procedures. In the Southern and Middlewestern States, especially, criteria have been widely used and found helpful in raising the general level of secondary education. Meanwhile, further educational research, experience with war-training programs, and changing relations between secondary schools and colleges have made a general revision of the criteria desirable. The accrediting associations have requested such a revision. An appropriation of \$24,500 was made to the American Council on Education for use by a joint committee of the accrediting associations toward the cost of revising the materials and procedures developed in the earlier investigation.

While it is quite true that at the present time \$1 billion is not particularly impressive when compared with endowments and Government spending in related fields such as research and the like, two things should be borne in mind. First, at the time the foundations first began making grants to institutions and agencies, they were the biggest and only contributors on that scale in the country. Second, all have had the same policy of giving grants to inaugurate a particular type of project or organization, withdrawing financial aid when it has become self-supporting or aroused the financial interest of other individuals or groups. Dr. Hollis,<sup>51</sup> writing about this phase of foundation giving, states (excerpt from chapter 1, introduction, *Philanthropic Foundations and Higher Education*, by Ernest Victor Hollis):

Although foundations are important for the volume of money they distribute to cultural undertakings, the essential nature of their influence is not in the aggregate of their contributions. Rather it lies in the fact that the grants may be large enough to provide the essential supplement necessary for foundations to hold the balance of power. In the 1924 fund-raising campaign of 68 leading universities there is an illustration of the powerful influence that foundations may exert even when the amount they contribute is only a small percentage of the total. They contributed only 18.1 percent of the funds raised, but they were reputed to have exerted a dominant influence on the purposes and plans of the campaigns through being the largest single donors. The average size of grants from foundations were \$376,322.76 as compared to an average of \$5,902.75 from individuals who gave \$1,000 or more. About 3.4 percent of the individual givers contributed 59.3 percent of the total fund but because the average of their gifts were not large enough to be considered an essential supplement, they were reputed to have exerted a negligible influence in the policies and programs of these 68 colleges. If such vital and strategic potential powers are a possibility in foundation activities, it should be known whether these new social institutions are committed to a philosophy of social and cultural values in keeping with the needs of a rapidly changing social order.

Dr. Hollis discusses the matter of foundation influence in education at some length, and according to him foundations have influenced higher education notably and increasingly "toward supporting social and cultural ideas and institutions that contribute to a rapidly changing civilization \* \* \* the chief contribution of the foundations (being) in accelerating the rate of acceptance of the ideas they chose to promote."

<sup>51</sup> *Ibid.*, pp. 3-4.

In his opinion the foundations had been "exercising the initiative accorded them to spend most of their money on exploratory work that seems only remotely connected with improving college education" \* \* \* "on the theory that research must first be done in general education if valid college reorganization is to be accomplished."

He asks the question, "To what extent and in what direction has higher education in the United States been influenced by the philosophy, the administration, the activities, and the money of philanthropic foundations?"<sup>52</sup>

In reply he writes:

In order to answer one must consider not only the degree of educational control or dominance that is exercised by the foundations, but also whether their activities indicate progressive participation in a living culture that looks toward the future, or whether they indicate a static or even reactionary tendency that attempts to maintain the existing social order. While categorical answers cannot be given, enough evidence has been introduced to remove discussion from the realm of biased assertion or mere conjecture.

To the question, "To what extent and in what direction has American higher education been influenced by philanthropic foundations?"<sup>53</sup>

To what extent and in what direction has American higher education been influenced by philanthropic foundations? An answer to the original question may now be ventured. This study concludes that the extent is roughly \$680 million and the direction increasingly toward supporting social and cultural ideas and institutions that contribute to a rapidly changing civilization. Foundations at the start were dissatisfied with existing higher education and they have promoted programs that have, for the most part, been in advance of those prevailing in the institutions with which they have worked. To a large extent these ideas were originated by frontier thinkers within the professions; the chief contribution of the foundations has been in accelerating the rate of acceptance of the ideas they chose to promote.

In contending that these ideas have been closer to the "growing edge" of American culture than were the university practices they proposed to supplant, no claim is made that wiser choices could not have been made or that there has not been occasional overemphasis of foundation-supported ideas, resulting in dislocations and gaps in an ideally conceived pattern of progressive higher education. This study has often been critical of individual ideas, policies, and persons, and has illustrated the foundations' frequent lack of social awareness, their failure to anticipate educational trends, and the presence of unavoidable human fallibility in their official leadership.

The question then arises whether or not the activities of these foundations in the field of education are in harmony with the constitutional provisions with regard to education.

#### VIEWED IN RELATION TO THE CONSTITUTION

"Education" is not directly referred to in the Constitution, nor in any of the amendments. Under the taxing power as well as the prohibition against discrimination, there have been cases in which the question of educational opportunity or facilities was involved—that is, in decisions as to the constitutionality of State statutes.

There is a long line of cases in which the scope and effect of the 10th amendment have been precisely delineated. It is well estab-

<sup>52</sup> Ibid., p. 282.

<sup>53</sup> Ibid., pp. 294-295.

lished that the reservation contained in that amendment can only be interpreted to mean that, in effect, the rights of sovereignty which the respective States possessed before the adoption of the Constitution, and which they did not specifically relinquish by that document, are expressly reserved to the individual States. It was drafted because the framers of the Constitution and the Bill of Rights were well aware that under the pressure of either "emergency" or "general welfare" the National Government might attempt to assume powers that had not been granted. They were determined to leave no opening for such an assumption, and thus, if further powers seemed necessary in the future, they could only be provided for by amendment in the manner set out in the Constitution.

At times it is erroneously stated that the 10th amendment provides for a distribution of power between the United States and the States—actually, properly stated, it is a reservation of power of the States. This is readily understood when one recognizes that each of the States (Colonies) was actually an autonomous political entity, prior to the ratification of the Constitution. As such each has all the sovereign powers (within its territorial limits) enjoyed by any foreign nation, including unlimited jurisdiction over all persons and things.

Within its own borders, education, at every level of instruction, is the sole province of each of the 48 States. This extends to the curriculum, textbooks, teachers, and methods of instruction, as well as standards of proficiency for both the student and the graduate.

The foundations, it is true, have taken the position that any standards they may have set have been in order to qualify for grants of their funds—but, in their own words, they have had in view achieving a uniformity and conformity of education and educational standards throughout the country.

Each State has by statute prescribed the methods where changes affecting its educational system shall be made, and in the case of drastic changes the usual practice is to present the matter to the electorate for its decision. From the records it is apparent that the foundations did not follow the statutory provisions of the States relating to education—and apparently it never occurred to any of them to consult the authorities concerning those of their "educational" activities which fell within the purview of State regulation. At any rate, at no time did the individual States themselves (either through an elected official or the electorate) have an opportunity to approve or disapprove the changes brought about by foundation funds.

From a practical standpoint—and again it is emphasized regardless of their merits—the changes have occurred; now it is more difficult to determine what the decision of the individual States would have been then had they been consulted, particularly because many of them (invaded as it were through the back door) have been "conditioned" to the invasion, and would probably not display the same vigorous opposition to the intrusion as might have been expected and forthcoming when this encroachment on State powers first began.

KATHRYN CASEY,  
*Legal Analyst.*

Mr. KOCH. May Miss Casey make such running comments as she thinks might be pertinent to help the committee?

Mr. GOODWIN. The Chair would suggest rather than read verbatim something that is in the record, if you might off the cuff make your comment.

Miss CASEY. That is what I plan to do.

Mr. GOODWIN. Very good. Go ahead.

Miss CASEY. First, I want to explain how it was decided to do this. The decision was actually the result of the situation we found ourselves in. In trying to get material on what the foundations had done, we first had recourse to the Cox files to see whether or not there was any firm pattern which all of them followed as far as their activities were concerned.

That was not a very successful operation, so we went back to the annual reports of the foundations themselves. Of course, the four in existence longest were the ones we started with, that is, Carnegie Corporation of New York itself, the Carnegie Foundation for the Advancement of Teaching, the Rockefeller Foundation, and the Rockefeller General Education Board.

The General Education Board no longer exists, having dispensed its funds by the end of 1953. I will give you the total amount of money they spent when I come to that particular organization.

In connection with trying to find out if their activities fell into an easily classifiable group, it developed that these four foundations did. They were education, international affairs, politics, public affairs, propaganda, and some economics.

The other source of information was a bibliography which the Library of Congress furnished our office, and from which I selected books pertaining to these two organizations.

Taking the first of these activities, education, the entire report is devoted to answering three questions. One, have these foundations carried on activities in the field of education at elementary level, at secondary level, and college and university level, and what have these activities been? The third question was, Did such activities have any evident or traceable effects in the educational field?

Once the answers to those questions were determined, the idea was, if possible, to determine if there was any relationship between their activities and education in the light of the constitutional and historic attitudes with regard to it in this country.

Mr. HAYS. Are you reading now from the report?

Miss CASEY. I am paraphrasing it. It is on page 4. Would you like me to tell you the pages as I go along?

Mr. HAYS. It might be a little helpful.

Miss CASEY. All right. I may skip a few pages.

Mr. HAYS. You may skip as many as you like, but if you skip from page 4 to 40—that is not a suggestion—just tell us you are on page 40, or whatever it is.

Miss CASEY. All right.

Mr. GOODWIN. The committee won't criticize you no matter how much you skip.

Miss CASEY. I will cover this rapidly.

The other thing I should tell you is the term "education" as used here means "learning-teaching," not just absorbing knowledge in gen-



eral. That would have necessitated a study of every activity of the foundations and every activity of Government and industry as well, and we did not feel that was going to be productive.

There are several differences between the foundations which are fundamental. In the first place, the Carnegie Foundation for the Advancement of Teaching—this is on page 5—was originally intended to provide retiring allowances for college professors, while the Carnegie Corporation's activity was more general. However, the Foundation for the Advancement of Teaching, rather shortly after it was founded, got into educational activity other than just granting pensions and providing money for pension funds.

The Rockefeller Foundation did not get into education, other than medical education, until around 1928 or 1929. I will come to the exact date further on, and I can give it to you.

The General Education Board from the beginning granted funds for endowment or other purposes.

There was also a difference in approach between the Carnegie organizations and the Rockefeller Foundations, the former being much more direct in their approach than the latter.

In that connection I will read a quotation on page 7, from Dr. Hollis' book, *Philanthropic Foundations and Higher Education*. He refers to the fact that the Carnegie Foundation for the Advancement of Teaching made their grants in a very direct way, as far as saying they wanted to make changes in the educational system is concerned, that is. Dr. Hollis writes:

Far-reaching college reform was carefully embedded in many of these non-controversial grants. It was so skillfully done that few of the grants are directly chargeable to the ultimate reforms they sought to effect. For instance, there is little obvious connection between giving a pension to a college professor or giving a sum to the general endowment of his college, and reforming the entrance requirements, the financial practices, and the scholastic standards of his institution. This situation makes it necessary to present qualitative influence without immediately showing the quantitative grant that made the influence possible.

The Foundation for the Advancement of Teaching, however, set up a definition of what was a college and what curriculum would entitle it to be called a college before they would grant pensions to professors in that institution.

Mr. HAYS. Would you criticize that?

Miss CASEY. Mr. Hays, may I say that I am only reporting on the research which I personally did in relation to these four organizations. My function as a staff member was not to give opinions, but to try to save the time of the committee members by digesting this material for others. Dr. Hollis took a very practical view of the method of accomplishing what they did, because he said, "What better method is there for doing it?"

Mr. HAYS. Do you have any idea how many volumes have been written about the foundations?

Miss CASEY. That is an interesting thing; there are not very many.

Mr. HAYS. That is what I wanted to know.

Miss CASEY. A bibliography appears on page 3. That is not the complete bibliography by any manner of means. There are others, such as *Philanthropic Giving*, *Philanthropic Giving for Foundations*, which I did not include because they had no pertinent information to the subject of these four in the field of education.

If you like, I can have the complete bibliography included.

Mr. HAYS. I think it might be interesting. I might later want to ask you why you picked 1 or 2 volumes and did not seem to quote the others.

Miss CASEY. I might say now that many of them said substantially the same thing or else did not particularly deal with the activities of these four in relation to education.

Now I am turning over to page 8. I am not going to read it, but in that connection there is one fact I want to mention. At no time did any one of these four foundations indicate that underlying their activities in giving endowments to institutions or in granting pensions to professors or anything of that type was a determination to change the system. They did not say they were going to change the educational system. They did not in any manner indicate that. From my point of view, there is no attempt in this particular summary to evaluate the merits of what they did or the methods which they used.

On page 10 there is a reference to a quotation of Dr. Hollis comparing the two systems, which I will mention now, because I did make reference to the fact that there were two methods by which they approached the question. He refers to the General Education Board approach as much more flexible than that of the foundation, which he called an all-or-nothing dictum. It was in relation to granting pensions to the institutions.

One of the things the reports show is that in all of them there was considerable discussion of what was referred to as the "Carnegie unit." The various reference books also referred to it, and some were quite critical of the endorsement by the Carnegie system of the unit system.

Later on the Carnegie Foundation was not entirely happy with some of the results and explained its reasons for sponsoring it at that time.

Mr. HAYS. You mean a unit system of teaching?

Miss CASEY. A unit system of credits.

Mr. HAYS. If you left the unit system, you would be getting over into some of—what do they call it—modernistic?

Mr. WORMSER. Progressive.

Mr. HAYS. That is one of the things they want to get away from.

Miss CASEY. First, Mr. Hays, the foundations sponsored the unit system and then later on they argued for its elimination. One of the requirements of the foundation in connection with granting pensions was it said that in order to qualify as a college, an educational institution must have a certain number of professors and teach a certain number of subjects; and, being a teacher, Mr. Hays, you know this, I am sure, at that time there was no requirement as to how many subjects should be included in a college curriculum, nor how many professors there should be. That was one thing the foundations put into effect. So, as a matter of practicality I think originally, the institution had to have six departments in order to qualify as a college. Later they raised it to eight.

Mr. HAYS. That is probably to get away from institutions like Mr. Reece's College of Lawsonomy.

Miss CASEY. I don't know how many departments that has.

Mr. HAYS. It was a standard to go by.

Miss CASEY. The foundation and the board also concluded that if they withheld funds from weak and tottering colleges the institutions

would die a natural death, or would be coordinated into institutions the foundations selected as "pivotal" institutions.

I am going over now to page 15. I shan't quote from that page but there are listed certain organizations, four institutions, and a heading "adult education," a type of activity they went into particularly. American Council on Education, Cooperative Test Service, and the Educational Records Bureau and the related activities of that group, the Institute of International Education, the London School of Economics, the National Education Association and the Progressive Education Association.

Funds from these four foundations flowed into those organizations more often than into others; as a matter of fact, my recollection is that they were the only ones, of this type, that were so generously supported, with the exception of the National Advisory Council on Radio. But these were the ones that the most money went to most frequently.

The institutions were Columbia University, Teachers College, University of Chicago, and the Lincoln School of Teachers College.

I will give later the amount of money available to all of these institutions so I don't believe I will particularly go into the assets they had and the amounts they disposed, except to say that on page 17 there is a breakdown of who received the total of \$73,243,624 given by the Carnegie Corporation.

Mr. GOODWIN. That is the corporation by itself without reference to the Foundation for the Advancement of Teaching?

Miss CASEY. Yes, sir; that is right. The agencies I mentioned earlier are also described briefly on pages 17 and 18. Following through, you will find various quotations from their own reports. Practically without exception the quotations are from the annual reports of the individual institutions and organizations, or from the book which I mentioned, of Dr. Hollis, or one of the other books listed in the bibliography. Those are the only sources I quote.

In the 1937 report of the corporation, the quotation begins on page 18, the foundation itself recognized that in this system of setting up agencies which would do the testing, and be accredited, there were some dangers. They mentioned it particularly in this report and refer to the fact that "unless the programs are carefully organized and rigidly limited in scope, there is a real danger lest they tend to draw the foundation outside its proper sphere of action."

They worked for an integration of education and a coordination of it because they felt that would be the best method of aiding both the educational system financially and improving it.

One of the methods that they selected was to have several colleges in a certain area integrate themselves. They mention, the General Education Board does, pivotal institutions which would work with a small group.

Mr. GOODWIN. Have you amplified anywhere what is meant by "understanding the student"?

Miss CASEY. No, sir; they did not go into that. I was unable to find any explanation of exactly how they arrived at their understanding. You are referring to page 19 at the bottom.

Mr. GOODWIN. "Studies to understand the student." Go ahead. There is a lot here I don't understand.

Miss CASEY. Incidentally, that particular page shows a total of half a million dollars, roughly speaking, in that particular field of

activity—educational studies. By 1951, and even earlier than that, the amount of money being spent on that type of thing had increased materially and it is a great deal more now. The policy, I would say, changed drastically.

Mr. GOODWIN. I think it might be sometime a proper inquiry to delve a little more into the purposes. That next to the last in that same classification, "to find out what the students learn."

Miss CASEY. I will see if they have any publications of what the results of these studies were. This was a special group of studies when they were beginning on what they called educational studies and educational reports. There is no point in that report or subsequent reports at which they explain what this covered. I imagine we could find out by asking them to send their reports on it.

Mr. GOODWIN. No, I would not ask for that. I imagine that before the hearings are concluded, there may be an opportunity to inquire just what was attempted to be found out here.

All right. You may go ahead.

Miss CASEY. Throughout these reports there is constant mention in the foundation reports themselves, and also in Dr. Hollis' book as well as several others, of the fact that they were actually doing exploratory work, in their own words, and that is particularly true of the quotation from Dr. Hollis. He refers to it as the remote theory that research must be done first in general education in order to sufficiently accomplish college reorganization. By that time they were talking rather more directly of reorganizing the colleges, and reorganizing the curriculum.

By the time I had finished going through the reports and these other volumes, it was apparent that the Carnegie Corporation had been engaged in fields which were educational in character. I tried as far as their reports would let me to stick strictly to the educational work and discarded anything about which there might be any question because I felt that would give a better view of what they had done, and what they had not done in education.

Practically without exception—I don't think there is one exception to this in this particular group—they all supported the National Education Association, the American Council on Education, and the Progressive Education Association. Their sponsorship after that varied. Some would choose one and some another. But that, again, I will give you all at the end.

The next one I will take up is the Carnegie Foundation for the Advancement of Teaching. Actually the Carnegie Foundation was older in point of time than the Carnegie Corporation. It entered into its educational work almost immediately whereas the corporation did not. I mentioned earlier that the original purpose was to provide pensions and in that connection it might be interesting to know that Mr. Carnegie himself up to a point was not aware of the fact that Mr. Pritchett, who was then president of the foundation, actually looked upon that as a somewhat secondary item, and the educational activities as its primary purpose.

Mr. Carnegie also did not particularly care for the name "Carnegie Foundation for Education," which was suggested, and thought it should be called a professional pension fund.

On page 30, I have listed the various activities which were organized and sponsored by the foundations, and that was the College Entrance

Examination Board, the Association of American Colleges, the Association of American Universities, the American Council on Education, and the American Association of University Professors.

Mr. HAYS. You say that is on page 30?

Miss CASEY. Yes, sir; it is at the end of the second quotation. In the quotation at the bottom of the page the 1913 report states that "by the very fact of these activities been involved in greater or less degree with all those complex relations in education which arise by reason of the relationships between the schools of a nation," and so forth. The reason for including that is to show that the foundation itself felt it was engaged in educational activities. When it started its original activity in pensions, it had a system which it referred to as "accepted institutions" and "nonaccepted institutions." That particular phraseology was not particularly "acceptable" to the universities and colleges and it was changed rather shortly to "associated" and "nonassociated."

The foundation itself when it began its work in educational activities confined it to colleges and universities. However, later it got into secondary education and even into elementary education, because it went on the premise—this is covered on page 32, incidentally—that before it could grant a pension it was necessary to define a college, and in order to define a college, it was necessary to establish standards of admission and college work. Then if standards of admission were to be established, it was necessary to prescribe the courses of study in secondary schools.

On page 33, there is a tabulation of the funds expended by the foundation from 1905 to 1951. That is roughly \$66 million. Of that amount, \$62 million went into pensions or related activities, pension funds or studies on pension giving.

All the quotations which I have given so far, and the ones that follow actually bear on all three questions I raised in the beginning. It was very difficult to divide it into these pertaining to questions 1, 2, and 3. While that has been followed more or less, it is not a firm rule.

As to question 3 on page 4, whether there were any trace—

Mr. HAYS. Are you going backwards now?

Miss CASEY. No, I am merely referring to the questions on page 4 in order to indicate their relationship to these quotations. I thought it might be easier for you to follow.

Mr. HAYS. Don't make it too easy. I like to do things the hard way.

Miss CASEY. As to whether or not these activities had any evident or traceable effects in the educational field, beginning on page 34, I would say the answer to that question, as far as its own reports are concerned, is the emphasis was placed on coordination between colleges and other institutions. It was quite critical of the situation in schools and colleges at that point, and also critical of what was referred to as the hierarchical device of gradations which the schools then represented.

On page 37, of the 1919 report, pages 100 and 101, there is one quotation which I think should be read, because it sums up their attitude at that time:

Marked changes must ensue in our present system of schooling if we undertake to carry out an honest interpretation of our avowed aim of "universal education" by making it not only universal but also education.

Apparently there was a good deal of opposition to the foundation's activities from the very beginning, and Dr. Hollis refers to it frequently, as do most of the others who cover that phase of its activity. Dr. Hollis is very outspoken on that point, and since this is a short quotation I will read it.

The foundation had had a real battle to enforce entrance standards in the relatively homogeneous endowed liberal arts colleges concentrated in the East. With the decision to admit State universities to the benefits of the Carnegie pension system it was faced with the problems of applying on a nationwide scale what was in fact a regional accrediting standard for a group of superior institutions.

The foundation felt there was no need to take into account any difference in financial or social conditions in an area. The standards were the same. The General Education Board, on the contrary, felt that in some areas the regulations in connection with what was a college, what should be the curriculum, and so forth, might differ. But the foundation did not.

About 1923, this is covered on pages 38, 39, and 40, the foundation began to be a little bit worried about the effects of some of their activities and went on to say that the schools should not be set up only for the minority of the students. The difficulties in the schools at that time in preparing all students in a huge number of subjects was quite different from any other country in the world. Throughout the foundation's reports and throughout the others, there is constant reference to the Prussian system of education which it was felt was much more desirable than ours.

One of the results which has been attributed to this foundation's activity is the 100 percent promotion rule which exists in many communities, and which has resulted from putting into effect the philosophy that schools should not be for the minority and their standards should be based on what the greater number of students can achieve. The foundation also recommended that the college take the first step in this reorganization of education by making sweeping changes in its entrance requirements.

This is on page 41, Mr. Hays.

It also worked with the educational groups, such as the National Education Association, the Progressive Education Association, and the American Council on Education, in setting up a record form to be used in the schools, because a report which gave more information about the student's personality and something other than just his attainment record would be desirable, according to the foundation.

MR. HAYS. You don't intend those quotations on page 41 to be critical?

MISS CASEY. They are intended to indicate the type of work done, and what the foundation itself thought of it.

MR. HAYS. The reason I ask you that question is because I happen to concur in the items set forth on page 41, and if you thought there was something wrong with them, I thought I would debate it with you.

MISS CASEY. As I said a little while ago, I don't think it is within my province to give an opinion on what was done.

One other method was used in connection with the college- and university-level work, page 43—and this is a followup of a system they had put into effect earlier—in 1946 and 1947 the foundation set up 4 strategically located centers in the South, each composed of 1 university group, and at least 5 neighboring undergraduate colleges.

It was just about this time or shortly before that the foundation, because of its heavy load of financial liabilities on the pension end, became a little less active in the educational studies. The foundation had received a great deal of money in grants from the Carnegie Corporation, and it was decided by both organizations that until the pension fund released some of the money they had put into teachers' annuities and things of that kind, the foundation would lessen its activities and the corporation would probably increase them.

I have already mentioned, and this is referred to again on pages 43 to 45, the fact that it had been active in a graduate testing program and a cooperative test, and also gave the sum of \$750,000 received from the Carnegie Corporation around 1948 for the merger of all of the testing agencies, because, it said, while there was not exactly competition there was pulling and hauling between all of them.

In the 1946-47 period, page 45, there is a quotation which refers to this subject which did culminate in the merger of the testing agencies in 1948. The foundation pointed out what was referred to as the compelling advantages to American education of unification of these organizations.

Now, on page 47, there is a more detailed discussion of the Carnegie unit. I won't read it. It is taken from the 1947-48 report. It is Dr. Savage's discussion of the unit. Incidentally, neither the foundation, that is the Carnegie Foundation for the Advancement of Teaching, nor any of the others actually evolved the unit system. They did influence the colleges and universities to accept it, but they did not evolve it.

Mr. HAYS. Then after they accepted it, they pushed to do away with it; is that it?

Miss CASEY. I would say from the record it would appear that way.

The major portion of the foundations' funds have always gone into pension activities. In 1953, which is the last year we have, the relationship is still \$62,763,000 to approximately \$5,000,000 for research, studies, and education.

Next I will take up the Rockefeller group.

Mr. GOODWIN. Before you go on to that, for my information, were the activities of the Foundation for the Advancement of Teaching confined to the problems of pension and annuities?

Miss CASEY. Most of the money went into that, because it set aside a fund each year for the number of prospective annuitants. By the 1940's I would say that would have become a considerable amount of the money they had received from Mr. Carnegie and others who had given it funds. So at that point their funds were somewhat limited, they received a great deal of money from the Carnegie Corporation incidently, and that is one of the difficulties in segregating their money, Mr. Goodwin. The corporation and the foundation worked very closely together in later years, and it is difficult sometimes to say which is corporation money and which is foundation money. In order to try to separate them, I did not include money that came from the corporation. I have included it as an activity, but it will not show up always in the total you have for the foundation, because it was not possible to say without any possibility of error that the money was foundation money.

So actually you have to almost read the two together.

Mr. GOODWIN. All right. Now, do you want to go along with Rockefeller?

Miss CASEY. The original Rockefeller philanthropic trust was the Institute for Medical Research and the General Education Board was also formed before the Rockefeller Foundation was. The other in what might be called the educational group was the Laura Spelman Memorial Fund, which operated primarily in social studies, and was merged in the Rockefeller Foundation in 1948.

The reason for that was by that time the Board and the foundation had been carrying on activities which were so similar there was duplication of requests and both felt it was an inefficient and un-economic way to have both doing somewhat the same work.

The total of the Rockefeller grants given either by Mr. Rockefeller himself or at his or at Mrs. Rockefeller's death, totaled half a billion dollars in 1929, when the Laura Spelman-Rockefeller Memorial Funds were consolidated with those of the Rockefeller Foundation.

I think I told you earlier that the General Education Board began in 1902, and that the foundation did not get into education other than medical until around 1928-29. Primarily the foundation concentrated in the beginning on medical research, medical education, dental education to a degree, and agriculture. When they divided the activities between the two about 1929, the Board then was to deal primarily with institutions rather than learned societies and research agencies. Before that it had had some research carried on by other agencies, and also it had research and studies carried on by the learned societies.

As a matter of fact, and this has held true throughout its activities, the board originally at Mr. Rockefeller's wish was set up to operate in Negro colleges and southern colleges because he felt that was an area of the country that needed the most help as far as funds were concerned. From the very beginning, therefore, they divided their activities as to whether they were in white colleges or in Negro colleges. I am sure that is the only reason that division was made.

The Rockefeller General Education Board—and the reason for handling it before the Rockefeller Foundation is because it was in the field of education first—in setting up its activities in connection with secondary education in the South, it first made rather extensive studies, and did not issue an annual report of any kind from 1902, when established, until 1914. That report, which is a consolidated report, said the board had approached the problem by selecting a person or persons whose business it was to inform, cultivate, and guide professional, public, and legislative opinions. This is on page 56.

Such individual, this report goes on, should also—

skillfully and tactfully marshal all available forces for the purpose of securing concerted action calculated in time to realize a secondary school system.

Appropriations were made for various purposes, one of which was to State universities to pay the salary of what they called a professor of secondary education. His main and principal work would be to ascertain where the conditions were favorable for the establishment of public schools and to visit places and endeavor to organize in such places a public high school.



On page 57 there is a quotation which states the board had no intention of dictating or indicating the lines along which these individuals should work. It then describes their activities:

In addition, the professors of secondary education were high-school evangelists, traveling well-nigh incessantly from county to county, returning from time to time to the State university to do their teaching, or to the State capitol to confer with the State superintendent. Wherever they went, they addressed the people, the local school authorities, the county court, teachers, businessmen and business organizations, county and State conferences, etc. They sought almost any sort of opportunity in order to score a point. Law or no law, they urged their hearers to make voluntary efforts toward a county high school, if a start had not yet been made; to add a grade or a teacher to a school already started; to repair the buildings or to provide a new one; to consolidate weak district schools into a larger one adequate to town or county needs. Nor did they merely expose defects, tender advice, and employ exhortations; they not only urged the policy, but nursed a situation.

That is given merely to indicate their activities in the South where they were primarily directed to establishing high schools. In the South the work was entirely in high schools. That was not true of activities elsewhere.

Incidentally, those activities continued only until 1924. The report itself is not definite as to when it started, but I gathered it was shortly after the board was founded in 1902. They were stopped in 1924 because the board felt that they had achieved the purpose for which they had been employed.

About 1933 the board went into what it called a general education program. This had been called educational studies, but at that point the board set out on what was referred to as the general educational program, which continued for about 5 or 6 years to 1939. It was during that period that most of the work was done with the various testing and accrediting agencies.

In working with the testing agencies, they carried on studies at various institutions. Chiefly: Columbia, Chicago, Teachers College, and the Lincoln School of Teachers College. It was that same year, 1934, that the board began work in connection with what later developed into the Building America series, according to their 1935-36 report. I am on page 60.

Under the subheading Reorganization of Subject Matter Fields—Society for Curriculum Study "Building America," that report refers to it as follows:

The magazine represents an attempt on the part of the society to meet a long-felt need in secondary education for visual as well as factual study of contemporary problems of our social, political, and economic life.

The General Education Board felt these educational testing and accrediting services were very important, because it said they were in a position to play a significant role in the reorganization of secondary education. That was around 1935-36.

Mr. HAYS. Perhaps instead of reading these paragraphs here and there into the record again, if you could give us the significant ones as you see them, and have us underscore them, because what we are going to do now is to read this and read the record again to see the important parts of it.

MISS CASEY. That is why I am giving the page numbers, Mr. Hays.

MR. HAYS. Why don't you just give us a memo?

MISS CASEY. You mean another one?

MR. HAYS. I have been following pretty closely now for about 10 minutes, and 95 percent of what you have been doing is reading a sentence or a paragraph here and there through the thing. That is exactly what we tried to get away from to save time.

MISS CASEY. It was those particular paragraphs that I felt were particularly pertinent to show the trend which each agency had taken.

MR. HAYS. I understand that, and I am not criticizing at all. I am saying it would be easier for the committee in their perusal of this document if we had a list of the highlights with the page numbers, and we can relate them with the page. In this way we have to read not only this document, but the whole transcript again. Do you follow me?

MISS CASEY. I do. For example, I will tell you right now that on page 61 there is a quotation which is particularly pertinent as regards the activities of the General Education Board, and which it pursued from that point on to the end of its existence in 1953.

I will merely read the types of activity they carried on. Is that agreeable?

MR. HAYS. Sure.

MR. GOODWIN. That is in line with the suggestion we made earlier, if you could give us now an off-the-cuff dissertation of what is in here, rather than quotations; it would save our time.

MISS CASEY. All right, sir, fine.

Beginning in 1936-37, the General Education Board concentrated on what they referred to as general planning of educational reorganization, experiments with curriculum, preparation of new instructional materials, and selection of teachers in the study of youth.

From then on the major field of activity as far as secondary educational activities are concerned was development of what the board terms a reorganization of secondary education. In doing that it worked closely with the National Education Association and the Progressive Education Association, and to a degree with the American Council on Education.

The stated reason for that was it was felt no study would be complete unless the board had the knowledge of those representative groups.

When its activities in this field of education ended in 1939, this particular phase of education, it was felt they had made a great contribution; that a great deal of good had resulted from it, from the work of the Progressive Education Association and the National Education Association, particularly in relation to the studies which they issued, and from the work of the American Historical Association.

After 1915 the board began to use agencies other than institutions of learning. It was very much interested in the Lincoln School, and the grants to that institution total, I think, something over \$6½ million. That continued from about 1918 to the early 1940's. The total amount of money the Rockefeller General Education Board expended in these fields, I will not read them, it is on page 73, was \$270,750,694.

There are footnotes on Columbia University, the Lincoln School of Teachers College, and the University of Chicago, which are not

included in the total \$270 million, because they are already included in the amount shown for universities, colleges, and schools in the United States.

Mr. HAYS. How long did it take them to spend that money?

Miss CASEY. You mean the \$270 million?

Mr. HAYS. Yes.

Miss CASEY. From the time they were formed in 1902.

Mr. HAYS. Congress spends more than that lots of times in an afternoon.

Miss CASEY. You would know more about that than I would, I am sure.

The foundation, as I mentioned earlier, did not get into education right away. It received from Mr. Rockefeller a total of \$241 million. That includes the Spelman Fund. It had a great influence by giving money for land and buildings, particularly in the early days, as well as to endowments and gave large sums for medical education at Chicago University and Columbia University.

It was also interested in having the university medical schools either become affiliated with a hospital and the foundation even built hospitals in many instances.

On page 77 there is a comparison between the types of activities in which the foundation engaged. You will notice there are \$227 million for public health and medical sciences which is by far the major field in which it operated.

The foundation was much more reticent in taking credit for what it accomplished than the General Education Board of any one of the Carnegie groups. It is mentioned particularly in the Cox committee questionnaire in which it is stated the foundation is perfectly willing to state what it had done, but they felt any assessment of it should be left to others.

Practically the only quotation I think might be merit as its own view of the work appears on page 78 in their 1948 annual report.

From the reports it is apparent that both the Carnegie philanthropic trusts and the Rockefeller philanthropic trusts had carried on activities in the field of education. They had done it in two ways. Either through their own activities as an operating agency, or through choosing other related agencies.

On page 79 there is a total of the amount of money in millions which all four of these organizations spent. It is \$994 million.

Mr. HAYS. That is nothing. We have spent as high as \$45 billion in an afternoon. You want to get into big money if you want to impress anybody around here. If we passed an Armed Forces appropriation of less than \$30 billion, somebody feels they are deprived.

Miss CASEY. I agree, Mr. Hays, that sum is not particularly impressive compared to funds available through Government sources today. But at the time it was going into this field, these four funds were the largest organizations making funds available and contributed the greatest amount of money. They were the only contributors on that scale. All four of the foundations had a common practice, that is, they all felt they should contribute funds to an organization, either to inaugurate it or to get it through its first years of operation and then cease contributions. There are frequent references to the fact that once an organization is self-supporting or getting funds from other

sources, that these four foundations did not feel they should put the money into it.

I will not read Dr. Hollis' comments in connection with the foundations, but you might be interested in reading pages 80 and 81. He refers particularly to a fund-raising campaign of 68 leading universities. He said that while they only contribute 18.1 percent of the funds, they were reputed to have exerted a very predominant influence on the purposes and plans.

He also raises the question to what extent and in what direction has higher education in the United States been influenced by the philosophy of the foundations, and he said that would have to be viewed in the light of all other activities. You will find that quotation on page 42.

Beginning on page 83, there is a two-and-a-quarter-page reference to the question raised in the beginning of the summary as to the relationship of their activities in the educational field in the light of the Constitution and its attitude toward education.

The subject of education is not discussed in the Constitution and is not raised in any one of the amendments to the Constitution, but there is a very long line of cases as to the power and the jurisdiction of the individual States in the light of the 10th amendment to the Constitution. These cases bear out the idea that any power not expressly given to the Federal Government is expressly reserved to the States. Since education is not mentioned, it can be assumed that the question of education is entirely a State province.

The foundations have by their activities and the amount of money they have put into the field of education certainly influenced the matter. I won't read it, but on page 26 of this summary, I refer to the fact that the organizations which I mentioned earlier, National Education Association, Progressive Education Association, and American Council on Education, have to a degree caused a standardization of methods, both as to teaching and as to the testing and training of teachers, and also as always to the curriculum in various schools. There is to a degree, and I would say to a very large degree, uniformity throughout the country as far as educational curricular and methods of teaching are concerned. Of course, that does not cover every institution of learning, but by and large the National Education Association has worked very hard—

Mr. HAYS. Miss Casey, you are discouraging me. I thought we had you up to page 83. Now you are back to 26.

Miss CASEY. You need not be discouraged, Mr. Hays, I only wanted to give you the page number where I mentioned this previously. As I started to say, the National Education Association made that a major activity. We are back now to page 83.

Mr. HAYS. That is the direction I like to travel.

Mr. GOODWIN. This is a temporary retrogression.

Miss CASEY. Each State has prescribed methods whereby change affecting its educational system can be made, and in most instances if there is anything drastic about it, it is provided that it shall be done either by consulting with the proper official or by taking the matter to voters at election time. For that reason, many of these changes would probably not have gone into effect had the foundations at that time had to get the approval of the individual States in order to do it.

To that extent they have encroached on the powers of the individual States.

That is the end; that is page 85.

Mr. GOODWIN. That completes your comments?

Miss CASEY. Yes, sir.

Mr. GOODWIN. Have you anything?

Mr. KOCH. Just for the record, Miss Casey, what other reports are in the works, so to speak, of the staff?

Miss CASEY. As far as I am concerned?

Mr. KOCH. Yes.

Miss CASEY. The others are mentioned on page 3, and the ones covering international affairs, politics, propaganda, and political activities. The reason for making this report as the first is because the same methods are followed in their other activities when these foundations substantially follow the setup that they put into effect in connection with education generally.

Mr. KOCH. Those additional reports are not ready yet; is that right? They may be ready next week or the week after?

Miss CASEY. That is right.

Mr. KOCH. So this is all you have to present today?

Miss CASEY. Yes.

Mr. KOCH. That is all we have to present today.

Mr. GOODWIN. Any questions, Mr. Hays?

Mr. HAYS. No questions.

Mr. GOODWIN. If not, thank you very much for this survey. It shows ample research certainly, and the committee will endeavor to match your industry by our careful reading of the survey.

Mr. HAYS. One question, and not on the report. I think to keep the record in some sort of focus, I don't believe, and I am sure it was inadvertent, that Miss Casey was originally sworn just briefly to testify about some other matter that came out at the time. Could you give us something about your background, Miss Casey?

Miss CASEY. Yes; I will be glad to. I went to public—

Mr. GOODWIN. That doesn't require any information about the date of birth.

Miss CASEY. I was wondering about that. Although I would not mind saying it, I will date myself by my activities.

I am a lawyer. I graduated from law school right here in Washington, Columbus University, a small law school that recently became affiliated with Catholic University.

I have taken various other legal subjects at Catholic University and George Washington University. I did my undergraduate work at the University of California in Berkeley.

My earlier education was in public and parochial schools in the District of Columbia. I have been a lawyer for the last 16 years.

(Discussion off the record.)

Miss CASEY. I started to say I have practiced law since 1940 as a trade association executive and general counsel, and I have practiced before the various Government agencies. I am a registered lobbyist, and have appeared before congressional committees.

Mr. HAYS. You are a registered lobbyist at this point?

Miss CASEY. You never lose it, do you?

Mr. HAYS. I don't know. I have never been one. I just thought it might not make very good headlines if somebody would write that the committee had a registered lobbyist on its staff.

Miss CASEY. Perhaps I should say I was a registered lobbyist.

Mr. HAYS. I think that would be more preferable.

Miss CASEY. Does that cover the extent to which you wish to go, or do you want me to go further?

Mr. HAYS. That is sufficient.

Mr. KOCH. Did you ever write a book?

Miss CASEY. Yes, called Bituminous Coal Code, Annotated, I have also written articles for the magazines on various subjects, including several in connection with the Interstate Commerce Commission, before which I had a fairly extensive practice.

Mr. GOODWIN. I listened in vain for any reference to any activities east of the Hudson River.

Miss CASEY. That is where all have been. My practice has all been in Washington, D. C., Mr. Goodwin. I am admitted to the bar in the District.

Mr. GOODWIN. I referred to the Hudson. Let me say specifically New England.

Miss CASEY. The organization which I represented for some years had a good many members in New England, Mr. Goodwin. It was an agricultural group.

The CHAIRMAN (presiding). In your work with the trade association, I assume it was necessary that you write those articles?

Miss CASEY. At times, but frequently I was requested to write on a particular subject not necessarily connected with my work. I have been admitted to the Bar of the District of Columbia, I am a member of the Bar of the Supreme Court, and have been admitted in the States of Maryland, Pennsylvania, and New York by motion.

Mr. HAYS. That is all.

The CHAIRMAN. Thank you. It is now approximately 4 o'clock so I presume there would hardly be time to take up anything else. As I understood from your conversation just now, it was anticipated that Miss Casey would probably run until tomorrow, and you had no one else scheduled.

Mr. WORMSER. That is right.

The CHAIRMAN. Anticipating closing at noon tomorrow.

Mr. KOCK. Somebody put a long plea for a long weekend a couple of weeks ago so can we start on Tuesday morning?

The CHAIRMAN. That would be my inclination.

Mr. HAYS. That suits me. Of course, I don't have the dynamic program for next week from the leadership yet.

The CHAIRMAN. This farm program is coming up and that ought to be dynamic enough.

Mr. HAYS. Could we get some information?

The CHAIRMAN. Mr. Counsel, what is the outlook for next week? I am familiar with one aspect, but you go ahead and state it.

Mr. WORMSER. Mr. Reece wishes some evidence to be brought in on the League for Industrial Democracy, and the American Labor Education Service, and the Twentieth Century Fund. Beyond that, except for occasional interludes for reports which I presume will be introduced shortly, we want then to bring on the major foundations who should have an opportunity to appear.

I would like to discuss with Mr. Hays and Mr. Reece also possibly in what order to put them. I want to suit their convenience as much as I can. I would like to get in touch with them individually and perhaps clear with you two first how it should be done.

Mr. HAYS. I don't know anything about this League for Industrial Democracy, except what I heard here, but are you going to subpoena somebody from that organization? I don't want to be obnoxious about it, but I want to know a little bit specifically what we are going to do.

The CHAIRMAN. We anticipated having someone to make a summary of their publications and activities from propaganda and political viewpoints, more or less, and then have some official from the league.

Mr. HAYS. You mean you are going to have someone outside of the organization?

The CHAIRMAN. Yes.

Mr. HAYS. Can you tell me who that is going to be?

The CHAIRMAN. I have in mind Mr. Ken Earle, who was formerly with the Senate Internal Security Committee, who is familiar with the subject, and has done a good deal of research. Mr. Wormser, with my understanding, had requested that he prepare a written statement which we hope will be available Monday for the members of the committee.

Mr. WORMSER. I would like to have as much guidance as I can get on organizing the program.

Mr. HAYS. By the way, right now, what progress have you made in getting the additional material on Facts Forum that I asked you about?

Mr. KOCH. We wrote in for it last Friday.

(Discussion off the record.)

Mr. KOCH. That is in the works now.

Mr. HAYS. Can you follow it up with a wire and get that in, because I am at a sort of standstill.

Mr. KOCH. Mr. Hays, Miss Casey said she telephoned so it will speed it up.

The CHAIRMAN. So far as I know, the committee will meet in this room. If there is any change, there will be an announcement made of it. So the committee will stand adjourned until 10 o'clock Tuesday morning.

(Thereupon at 3:55 p. m., a recess was taken until Tuesday, June 15, 1954, at 10 a. m.)

