

The
DODD REPORT

to the

Reece Committee on Foundations

THE REPORT
of
NORMAN DODD, DIRECTOR OF RESEARCH
covering his direction of the Staff
of
THE SPECIAL COMMITTEE
of
THE HOUSE OF REPRESENTATIVES
to
INVESTIGATE TAX EXEMPT FOUNDATIONS
for
the six months' period
November 1, 1953 – April 30, 1954

* * *

Prepared in accordance with the suggestion which the Director of Research made to the Committee at its meeting in Washington, D. C. on Thursday, the 29th of April, 1954 for submission to:

HON. B. CARROLL REECE (TENN.), CHAIRMAN
HON. JESSE P. WOLCOTT (MICH.)
HON. ANGIER L. GOODWIN (MASS.)
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FOREWORD

As the report which follows may appear to have stressed one aspect of Foundation-giving to the exclusion of others, I take this opportunity to call attention to the fact that innumerable public benefits are traceable to the philanthropy in which Foundations have been engaged. Both in volume and kind these benefits must appear to any student of this subject to have been without parallel. And in the vast majority of instances they must be regarded as beyond question either from the standpoint of their conformity to the intentions of their donors or from the standpoint of the truly American quality of their consequences.

I also wish to acknowledge the cooperation which, without exception, has been extended by Foundations to the staff whenever it was found necessary to solicit information from them either directly or in writing.

Finally, I take this opportunity to state that in the degree the following report appears to be critical, I sincerely hope it will be deemed by the Committee, Foundations, and the public alike to be constructively so. It was in this spirit that the work of which this report is a description was undertaken and completed.

Norman Dodd
Research Director
[signed Norman Dodd]

[Note: First few pages missing.]

Finally, I found that the subject included a myriad of Fellowships awarded to scholars and artists active in fields too numerous to mention, let alone classify for the purpose of accurate evaluation.

DEFINITIONS

These studies also enabled me to settle upon the following definitions

Foundations: Those organizations resulting from the capitalization of the desire on the part of an individual, or a group of individuals, to divert his or their wealth from private use to public purpose.

Un-American and Subversive: Any action having as its purpose the alteration of either the principle or the form of the United States Government by other than constitutional means. (This definition is derived from a study of this subject made by the Brookings Institute at the request of the House Un-American Activities Committee.)

Political: Any action favoring either a candidacy for public office, or legislation or attitudes normally expected to lead to legislative action.

Propaganda: Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles. (In use this word has come to infer half-truths, incomplete truths, as well as techniques of a covert nature.)

CHARTER PROVISIONS

The purposes of Foundations were revealed by these studies to be generally of a permissive, rather than a mandatory character. Customarily, they were expressed to place the burden of interpretation on either trustees or directors. Such words as “educational”, “charitable”, “welfare”, “scientific”, “religious”, were

used predominantly to indicate the areas in which grants were permitted. Phrases such as “for the good of humanity” and “for the benefit of mankind” occurred frequently. The advancement of such general concepts as “peace” and either “international accord” or “international understanding” was noticeable as a purpose for which Foundations had been established.

To illustrate the extent to which the burden of interpretation is frequently placed upon trustees of Foundations, I cite the following

“ . . . administered and operated by the trustees exclusively for the benefit of, . . . [the] income therefrom shall be distributed by the trustees exclusively in the aid of, such religious, educational, charitable and scientific uses and purposes as, in the judgment of the trustees, shall be in furtherance of the public welfare and tend to assist, encourage and promote the well-doing or well-being of mankind, or of any community.”

COX COMMITTEE CRITICISMS

There were eight criticisms leveled at the Cox Committee:

- 1) Time and facilities were inadequate.
- 2) Excuses concerning grants to Communists were too readily acceptable.
- 3) Trustees and officers were not under oath.
- 4) Only a few Foundations were investigated.
- 5) The propaganda activities of Foundations were not investigated.
- 6) Foundations were not asked why they did not support projects of a pro-American type.
- 7) Extensive evidence was not used.
- 8) The Ford Foundation was not investigated.

FOUNDATION CRITICISMS

Our studies indicated very clearly how and why a critical attitude could have developed from the assumption that Foundations operating within the sphere of education had been guilty of favoritism in making their grants. After having analyzed responses relating to this subject from nearly 1,000 colleges in the United States, it became evident that only a few have participated in the grants made.

However, when the uniqueness of the projects supported by Foundations was considered, it became understandable why institutions such as Columbia, Harvard, Chicago and the University of California had received monies in amounts far greater than had been distributed to others. Originally, scholars capable of handling these unique subjects were few. Most of them were members of these seemingly favored institutions.

Now that these subjects no longer appear to be regarded as unique and sufficient time has elapsed within which to train such competent specialists, the tendency of Foundations to distribute grants over a wider area has become noticeable.

The purported deterioration in scholarship and in the techniques of teaching which, lately, has attracted the attention of the American public, has apparently been caused primarily by a premature effort to reduce our meagre knowledge of social phenomena to the level of an applied science.

APPROACH

As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each one of them must be understood to have resulted from studies which were essentially

exploratory. In no sense should they be considered proved. I mention this in order to avoid the necessity of qualifying each as made.

Confronted with the foregoing seemingly justifiable conclusions and with the task of assisting the Committee to discharge its duties as set forth in H. Res. 217, within the seventeen month period, August 1, 1953 – December 31, 1954, it became obvious to me that it would be impossible to perform this task if the staff were to concentrate on the internal practices and the grant-making policies of Foundations themselves. It also became obvious that if the staff was to render the service for which it had been assembled, it must expose those factors which were common to all Foundations, and reduce them to terms which would permit their effects to be compared with the purposes set forth in Foundation charters, the principles and the form of the United States Government, and the means provided by the Constitution for altering either these principles or this form.

In addition, these common factors would have to be expressed in terms which would permit a comparison of their effects with the activities and interests connoted by the word “political”, and also with those ordinarily meant by the word “propaganda”.

Our effort to expose these common factors revealed only one, namely—“the public interest”. It further revealed that if this finding were to prove useful to the Committee, it would be necessary to define “the public interest”. We believe this would be found in the principles and form of the Federal Government, as expressed in our Constitution and in our other basic founding documents.

This will explain why subsequent studies were made by the staff of the size, scope, form and functions of the Federal Government for the period 1903-1953, the results of which are set forth in detail in a report by Thomas M. McNiece, Assistant Research Director, entitled, *The Economics of the Public Interest*.

These original studies of “the public interest” disclosed that during the four years, 1933-1936, a change took place which was so drastic as to constitute a “revolution”. They also indicated conclusively that the responsibility for the economic welfare of the American people had been transferred heavily to the Executive Branch of the Federal Government; that a corresponding change in education had taken place from an impetus outside of the local community, and that this “revolution” had occurred without violence and with the full consent of an overwhelming majority of the electorate.

EDUCATION

In seeking to explain this unprecedented phenomenon, subsequent studies pursued by the staff clearly showed it could not have occurred peacefully, or with the consent of the majority, unless education in the United States had been prepared in advance to endorse it.

These findings appeared to justify two postulates:

- 1) that the policies and practices of institutions purporting or obliged by statute to serve “the public interest” would reflect this phenomenon, and
- 2) that Foundations whose trustees were empowered to make grants for educational purposes would be no exception,

on the basis of which, after consultation with Counsel, I directed the staff to explore Foundation practices, educational procedures, and the operations of the Executive branch of the Federal Government since 1903 for reasonable evidence of a purposeful relationship between them. Its ensuing studies disclosed such a relationship and that it had existed continuously since the beginning of this

50-year period. In addition, these studies seem to give evidence of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by Foundations (chiefly by Carnegie and Rockefeller) which were used to further this purpose by:

Directing education in the United States toward an international viewpoint and discrediting the traditions to which, it [formerly) had been dedicated.*

Training individuals and servicing agencies to render advice to the Executive branch of the Federal Government.

Decreasing the dependency of education upon the resources of the local community and freeing it from many of the natural safeguards inherent in this American tradition.

Changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life.

Financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

At this point the staff became concerned with:

Identifying all the elements comprising the operational relationship between Foundations, education and government, and determining the objective to which this relationship had been dedicated and the functions performed by each of its parts.

* This story, fully documented, is told in *The Turning of the Tides*, by Paul W Shafer and John Howland Snow. (THE LONG HOUSE, INC., 1953. Library Edition, \$3.00. Paperbound, \$2.00)

Estimating the costs of this relationship and discovering how these costs were financed.

Understanding the administration of this relationship and the methods by which it was controlled.

Evaluating the effect of this operational relationship upon “the public interest” and upon the social structure of the United States.

Comparing the practices of Foundations actively involved in this relationship with the purposes for which they were established and with the premises upon which their exemption from taxation by the Federal Government is based.

In substance, this approach to the problem of providing the Committee with a clear understanding of Foundation operations can best be described as one of reasoning from total effect to primary and secondary causes.

We have used the scientific method and included both inductive and deductive reasoning as a check against the possibility that a reliance upon only one of these might lead to an erroneous set of conclusions.

Neither the formal books and records maintained by Foundations operating within the educational sphere, nor any of their supplemental or less formal reports to the public, make it possible to appraise the effect of their grants with any degree of accuracy. We needed to turn to the grantees—rather than the grantors—for the information required by the Committee to make the specific determinations requested by the Congress in H. Res. 217, namely:

Have Foundations:—used their resources for purposes contrary to those for which they were established?

- used their resources for purposes which can be classed as un-American?
- used their resources for purposes which can be regarded as subversive?
- used their resources for political purposes?
- resorted to propaganda in order to achieve the objectives for which they have made grants?

To insure these determinations being made on the basis of impersonal facts, I directed the staff to make a study of the development of American education since the turn of the century and of the trends in techniques of teaching and of the development of curricula since that time. As a result, it became quite evident that this study would have to be enlarged to include the accessory agencies to which these developments and trends had been traced.

The work of the staff was then expanded to include an investigation of such agencies:

The American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, John Dewey Society, and the Anti-Defamation League.

PART II

ACCESSORY AGENCIES

To characterize some of these briefly:

The American Council of Learned Societies was founded in 1919 to encourage humanistic studies, including some which today are regarded as social sciences. It is comprised of 24 constituent member associations. In its entirety, it appears to dominate this division of scholarship in the United States.

The National Research Council was established in 1916, originally, as a preparedness measure in connection with World War I. Its charter was renewed in 1919, since which time, on behalf of its 8 member associations, it has been devoted to the promotion of research within the most essential areas ordinarily referred to as the exact and applied sciences.

The Social Science Research Council was established in 1923 to advance research in the social sciences. It acts as spokesman for 7 constituent member associations representing all of the subdivisions of this new field of knowledge, i.e., history, economics, sociology, psychology, political science, statistics, and anthropology.

The American Council on Education was founded in 1918 “to coordinate the services which educational institutions and organizations could contribute to the Government in the national crisis brought about by World War I.” Starting with 14 constituent or founding organizations, this formidable and influential agency has steadily expanded until today its membership is reported to consist of:

79 constituent members (national and regional educational associations),

64 associate members (national organizations in fields related to education),

954 institutional members (universities, colleges, selected private school systems, educational departments of industrial concerns, voluntary associations of colleges and universities within the states, large public libraries, etc.)

The National Education Association was established in 1857 to elevate character, advance the interests of the teaching profession and to promote the cause of popular education in the United States. Broadly speaking, this powerful entity concentrates on primary and secondary schools. Its membership is reported to consist of 520,000 individuals who include in addition to teachers-superintendents, school administrators and school secretaries. It boasts that it is “the only organization that represents or has the possibility of representing the great body of teachers in the United States”, thus inferring a monopolistic aim.

The League for Industrial Democracy came into being in 1905, when it was known as the Intercollegiate Socialist Society, for the purpose of awakening the intellectuals of this country to the ideas and benefits of socialism. This organization might be compared to the Fabian Society in England, which was established in 1884 to spread socialism by peaceful means.

The Progressive Education Association was established around 1880. Since then it has been active in introducing radical ideas to education which are now being questioned by many. They include the idea that the individual must be adjusted to the group as a result of his or her educational experience, and that democracy is little more than a system for cooperative living.

The American Historical Association was established in 1889 to promote historical studies. It is interesting to note that after giving careful consideration, in 1926, to the social sciences, a report was published under its auspices in 1934 which concluded that the day of the individual in the United States had come to an end and that the future would be characterized, inevitably, by some form of collectivism and an increase in the authority of the State.

The John Dewey Society was formed in February 1936, apparently for the two-fold purpose of conducting research in the field of education and promoting the educational philosophy of John Dewey, in honor of whom the society was named. It could be supposed that those who were members of this organization would be devoted to the premises upon which Dr. Dewey had based his experiments in education since 1896. Basically, these were pragmatic and a stimulus to empirical thinking. He held that ideas were instruments and that their truth or falsity depended upon whether or not they worked successfully.

The broad study which called our attention to the activities of these organizations has revealed not only their support by Foundations but has disclosed a degree of cooperation between them which they have referred to as “an interlock”, thus indicating a concentration of influence and power. By this phrase they indicate they are bound by a common interest rather than a dependency upon a single source for capital funds. It is difficult to study their relationship without confirming this. Likewise, it is difficult to avoid the feeling that their common interest has led them to cooperate closely with one another and that this common interest lies in the planning and control of certain aspects of American life through a combination of the Federal Government and education.

This may explain why the Foundations have played such an active role in the promotion of the social sciences, why they have favored so strongly the employment of social scientists by the Federal Government and why they seem to have used their influence to transform education into an instrument for social change.

We wish to stress the importance of questioning change only when it might involve developments detrimental to the interests of the American people, or when it is promoted by a relatively small and tightly knit group backed by disproportionately large amounts of money which could threaten the American ideal of competition.

In summary, our study of these entities and their relationship to each other seems to warrant the inference that they constitute a highly efficient, functioning whole. Its product is apparently an educational curriculum designed to indoctrinate the American student from matriculation to the consummation of his education. It contrasts sharply with the freedom of the individual as the cornerstone of our social structure. For this freedom, it seems to substitute the group, the will of the majority, and a centralized power to enforce this will—presumably in the interest of all. Its development and production seems to have been largely the work of those organizations engaged in research, such as the Social Science Research Council and the National Research Council.

The demand for their product seems to come from such strong and sizeable aggregations of interests as the National Education Association and the American Council on Education, whose authorities seem to see in it the means by which education can render a national service. They make frequent reference to this service as synonymous with “the cause of education” and tend to criticize strongly anyone who dares to doubt the validity of their conclusions.

Its promotion appears to have been managed by such organizations as the Progressive Education Association, the American Historical Association, the League for Industrial Democracy, the John Dewey Society and the Anti-Defamation League. Supplementing their efforts were others, such as: the Parent-Teachers Association, the National Council of Churches, and the Committee for Economic Development, each of which has played some part in adjusting the minds of American citizens to the idea of planning and to the marked changes which have taken place in “the public interest”.

Others, too, are engaged in the dissemination of this idea as being essential to the security of this country. Neither time nor funds have permitted me to direct the attention of the staff to the operations and influence of any but a few of these, beyond taking notice of their existence and the purposes which they serve.

From our studies, it appears that the overall administration of this functioning whole and the careful selection of its personnel seem to have been the peculiar interest of the American Council of Learned Societies. It is interesting to note that, by legislative action recently, another entity has been brought into being known as the National Science Foundation, whose purpose is to develop a national policy with respect to science. Its additional purpose is to serve our Government in an advisory capacity in connection with the huge appropriations now being made for research in the interest of effective controls. Evidence exists of close cooperation between privately endowed Foundations, the agencies through which they have operated and the educational institutions through which they have been accustomed to make grants for research. This process may contribute to an undesirable degree of concentrated power.

It is also interesting to note that by comparison with funds for research provided by Foundations, those now flowing from our

Government are so large that they dwarf Foundation contributions. This promises to be true for some time to come and indicates that Foundations may extend their influence over a wider area than in the past.

The result of the development and operation of the network in which Foundations have played such a significant role seems to have provided this country with what is tantamount to a national system of education under the tight control of organizations and persons, little known to the American public. Its operations and ideas are so complex as to be beyond public understanding or control. It also seems to have resulted in an educational product which can be traced to research of a predominantly empirical character in the inexact or social sciences.

In these fields the specialists, more often than not, seem to have been concerned with the production of empirical data and with its application. Principles and their truth or falsity seem to have concerned them very little.

In what appears from our studies to have been zeal for a radically new social order in the United States, many of these social science specialists apparently gave little thought to either the opinions or the warnings of those who were convinced that a wholesale acceptance of knowledge acquired almost entirely by empirical methods would result in a deterioration of moral standards and a disrespect for principles. Even past experience which indicated that such an approach to the problems of society could lead to tyranny, appears to have been disregarded.

For these reasons, it has been difficult for us to dismiss the suspicion that, latent in the minds of many of the social scientists has lain the belief that, given sufficient authority and enough funds, human

behavior can be controlled, and that this control can be exercised without risk to either ethical principles or spiritual values and that therefore, the solution to all social problems should be entrusted to them. In the light of this suspicion and the evidence which supports it, it has been difficult to avoid the conclusion that social scientists of the persuasion I have been discussing have been accepted by Foundations, Government and education as though their claims were true-this in the face of the fact that their validity has been disputed by men well trained in these same disciplines.

In spite of this dispute within his own ranks, the social scientist is gradually becoming dignified by the title "Social Engineer". This title implies that the objective viewpoint of the pure scientist is about to become obsolete in favor of techniques of control. It also suggests that our traditional concept of freedom as the function of natural and constitutional law has already been abandoned by the "social engineer" and brings to mind our native fear of controls-however well intended.

In the face of this, it seems strange that Foundations made no reference in their reports to the consequences to be expected from a new science of society founded upon empiricism and undisciplined by either a set of principles or proved experiments. Apparently they were content to operate on the theory that they would produce usable data for others to employ and rely upon them to account for the effects. It may not have occurred to their trustees that the power to produce data in volume might stimulate others to use it in an undisciplined fashion without first checking it against principles discovered through the deductive process.

Their position that they need not closely follow the effects of their support of such grants also seems strange. Their reports often show that they were supporting such a new "science". The descriptions,

however, made it very difficult to judge the ultimate purposes for which this support was being given.

To summarize, both the general and the specific studies pursued by the staff during the past six months lead me to the tentative conclusion that, within the social science division of education, the Foundations have neglected “the public interest” to a severe degree.

In my judgment, this neglect may be found by the Committee to have stemmed from:

The willingness of Foundations—

to support experiments in fields which defied control;

to support these uncontrollable experiments without first having proved them to be “in the public interest”; and

to extend this support without reporting its purpose in language which could be readily understood.

I suggest that the Committee give consideration to the tendency of Foundation trustees to abdicate responsibility. To illustrate: The following statement has been taken from *An American Dilemma, The Negro Problem and Modern Democracy*, by Gunnar Myrdal, with the assistance of Richard Sterner and Arnold Rose, Volume II :

“This study was made possible by funds granted by Carnegie Corporation of New York. That corporation is not, however, the author, owner, publisher, or proprietor of this publication, and is not to be understood as approving by virtue of its grant any of the statements made or views expressed therein.”

While this refers to but one project out of many, it becomes significant when it is realized that the project to which these books relate involves some \$250,000, and led to the publication of statements which were most critical of our Constitution.

The similar tendency to delegate responsibility will be seen in the support given by Foundations to agencies such as the Social Science Research Council, which disregards the legal concept: “He who acts through an agent, acts himself.”

THE FORD FOUNDATION

Finally, I suggest that the Committee give special consideration to the Ford Foundation. This Foundation gives ample evidence of having taken the initiative in selecting purposes of its own. Being of recent origin, it should not be held responsible for the actions or accomplishments of any of its predecessors. It is without precedent as to size, and it is the first Foundation to dedicate itself openly to “problem solving” on a world scale.

In a sense, Ford appears to be capitalizing on developments which took place long before it was founded, and which have enabled it to take advantage of:

- the wholesale dedication of education to a social purpose

- the need to defend this dedication against criticism

- the need to indoctrinate adults along these lines

- the acceptance by the Executive branch of the Federal Government of responsibility for planning on a national and international scale

- the diminishing importance of the Congress and the states and the growing power of the Executive branch of the Federal government and

- the seeming indispensability of control over human behavior.

As if they had been influenced directly by these developments, the trustees established separate funds for use in the fields of education, national planning, and politics. They set up a division devoted to the Behavioral Sciences, which includes a Center for Advanced Study, a program of research and Training Abroad, an Institutional Exchange Program, and miscellaneous grants-in-aid.

Supplementing these major interests are such varied activities as: a TV Radio Work Shop, “external grants”, inter-cultural publications, and an operation called the East European Fund, which is about to be terminated.

When it is considered that the capital resources of this Foundation approach, or may exceed, \$500,000,000, and that its income approximates \$30,000,000, each year, it is obvious that before embarking upon the solution of “problems”, some effort should be made by the trustees to make certain that their solution is “in the public interest”.

It is significant that the policies of this Foundation include making funds available for certain aspects of secret Military research and for the education of the Armed Forces. It becomes even more significant when it is realized that the responsibility for the selection of the personnel engaged in these projects is known to rest on the Foundation itself-subject as it may be to screening by our Military authorities.

In this connection, it has been interesting to examine what the educational aspect of these unprecedented Foundation activities can be expected to produce. The first example is a pamphlet in which the Declaration of Independence is discussed as though

its importance lay in the fact that it had raised two, as yet unanswered, questions:

- 1) Are men equal? and do we demonstrate this equality?
- 2) What constitutes “the consent of the governed”? and what does this phrase imply in practice?

By inference, the first question is subtly answered in the negative. By direct statement, the second is explained as submitting to majority rule-but the restriction of the majority by the Constitution is not mentioned. Only an abridged version of the Declaration is printed. It is interesting that this should omit the list of grievances which originally made the general concepts of this Document reasonable.

CONCLUSION

It seems incredible that the trustees of typically American fortune-created foundations should have permitted them to be used to finance ideas and practices incompatible with the fundamental concepts of our Constitution. Yet there seems evidence that this may have occurred.

I assume it is the purpose of this inquiry to gather and weigh the facts.

Respectfully submitted,

Norman Dodd, *Director of Research*

SPECIAL COMMITTEE TO INVESTIGATE
TAX EXEMPT FOUNDATIONS

May 10, 1954

THE NEED FOR A PERMANENT
STANDING COMMITTEE

The effect of the Dodd Report was electric. Moves were launched within a matter of hours to block an effective probe. On Capitol Hill, the Committee found itself confronted with obstacles at every turn; the Nation itself was deluged with stories which openly or by inference suggested that the investigation was futile, if not worse. The national board of Americans for Democratic Action (the A. D. A.) formally urged the House to disband its own committee-it was conducting "a frontal attack on learning itself."

Many citizens, on the other hand, believe that such a committee should be made a permanent Standing Committee of the House—"to gather and weigh the facts."

Two quick, effective steps can bring this about. These are:

- 1) Immediate, widespread reading of this Report—through friends, clubs, organizations;
- 2) A steady flood of mail to Congress, including, specifically, formal Resolutions from organizations of every kind.

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