

## TAX-EXEMPT FOUNDATIONS

TUESDAY, DECEMBER 2, 1952

HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE TO INVESTIGATE TAX-EXEMPT  
FOUNDATIONS AND COMPARABLE ORGANIZATIONS,  
*Washington, D. C.*

The select committee met, pursuant to recess, at 10:10 a. m., in room 1301, New House Office Building, Hon. Aime J. Forand presiding.

Present: Representatives Forand (presiding), O'Toole, Simpson, and Goodwin.

Also present: Harold M. Keele, counsel to the committee.

Mr. FORAND. The committee will come to order.

Mr. KEELE, will you please call your first witness?

Mr. KEELE. Mr. Dollard, will you take the chair, please?

Mr. DOLLARD. Yes, sir.

Mr. KEELE. Mr. Dollard, I think that those microphones will work if you will pull them close to you.

Mr. DOLLARD. Shall I try one just to see?

Mr. KEELE. That is very good. For the record, will you state your name, your residence, and your position?

### STATEMENT OF CHARLES DOLLARD, PRESIDENT, CARNEGIE CORP. OF NEW YORK, NEW YORK, N. Y.

Mr. DOLLARD. My name is Charles Dollard. I am a resident of New York City. I am president of the Carnegie Corp. of New York, which is a New York corporation organized for philanthropic purposes.

Mr. KEELE. At the very outset, Mr. Dollard, I wonder if you would be good enough to trace out for us the relationship of the Carnegie Corp. to those other institutions or organizations which bear the Carnegie name.

Mr. DOLLARD. Mr. Keele, I would be very glad to do that. Let me say first that the one simple fact to put into the record is that there was only one Mr. Carnegie, Andrew Carnegie, who was born in Scotland, came to this country at the age of 9, and made his fortune in the steel industry in Pittsburgh.

Mr. Carnegie founded six trusts in this country, and by "trusts" I mean endowments created for philanthropic purposes. The first of these was not in his native city but in his home city of Pittsburgh, the Carnegie Institute of Pittsburgh, which he created in 1896 and which comprises a Museum of Arts, a Music Hall, a Museum of Natural History, and perhaps the most famous unit, the Carnegie Institute of Technology which is a distinguished engineering school.

The second fund which he created is the Carnegie Institution of Washington which he established in 1902 for purposes of scientific research. I think you know something about this fund because Dr. Vannevar Bush, who is the president of the Carnegie Institution, appeared as a witness earlier.

Mr. KEELE. He didn't say anything about the work of the Carnegie Institution, and I wonder if you would just say a word as to the nature of its work.

Mr. DOLLARD. Well, in fact, Mr. Keele, Carnegie Institution has a very broad charter which would permit it to engage in almost any kind of scholarly work. In practice it devotes itself almost entirely to research in the natural sciences. It has its business and administrative office here in the city of Washington.

It also has two of its laboratories here, for geophysics and the earth sciences. It has a laboratory at Baltimore, a biological laboratory or, to be more precise, a laboratory in embryology.

It has a laboratory at Stanford in the field of plant pathology. It has still a small installation in Guatemala for archeological work, but primarily its work is in the natural sciences, and traditionally the president of the Carnegie Institution has always been a natural scientist.

The Carnegie Institution is not a grant-making organization. It is really a great research foundation. It spends its income and some money which is given to it by the Carnegie Corp. of New York for research, which is carried on by its own staff, which is, I may say, a relatively distinguished staff.

Mr. KEELE. What is the relation, Mr. Dollard, if any, other than that which you indicated, between the Carnegie Institution and the Carnegie Corp.?

Mr. DOLLARD. Mr. Keele, as I have said, they are separate endowments, created by Mr. Carnegie. The institution was founded 9 years before the corporation.

If I may say so, I noticed that one of your witnesses referred to the corporation as the parent institution. I couldn't resist asking Vannevar Bush if he knew of any instance in biology where the parent was born 9 years after the child.

In fact, there are the two relationships between the Carnegie Institution and the corporation. The first one is that it was originally provided that the presidents of the five other Carnegie funds in this country would be ex officio trustees of Carnegie Corp. of New York. That meant that out of 10 trustees of the corporation, 5 would be representatives of other Carnegie funds.

I may say that the constitution of the corporation was changed in 1947, and while the present presidents of the other funds sit on our board, their successors will not. After the president incumbents die or retire, we will have only one ex officio trustee, namely, the president of the corporation.

Now, there is another relationship between the corporation and the institution, which is that we grant money to the Carnegie Institution as an addition to its own income for scientific research. I can give you the exact figure on what we have granted.

Mr. KEELE. I don't think that is important. We are just trying to trace out the relationships.

Mr. DOLLARD. The last substantial grant we made to them, incidentally, was made about 1943 when we gave them \$5 million as an addition to their endowment.

I may say also that we ourselves support very little work in the natural sciences directly, that is, Carnegie Corp. We rely on the Carnegie Institution to do that work, and our help is in the form of money grants. Do you want me to proceed with the others?

Mr. KEELE. Yes; if you will.

Mr. DOLLARD. The third one to be established was the Carnegie Hero Fund Commission, which has its office in Pittsburgh. That is the smallest of the endowments.

Mr. FORAND. What was that name, again?

Mr. DOLLARD. Carnegie Hero Fund Commission, Mr. Forand. You may remember, if you have read any of Mr. Carnegie's writings or his autobiography, that he had a special feeling about heroism in civil life. He thought it was as important and as worthy of recognition as heroism on the battlefield, so he established the hero commission here.

As a matter of fact, he established commissions in several European countries and in Great Britain. What the fund does is to seek out men who have performed heroic acts in civil life, and award them medals. If they are killed in the process of being heroes, it makes provisions for their widows. In many cases it provides scholarships for their sons.

The fourth endowment which he founded was the Carnegie Foundation for the Advancement of Teaching, which, as its name implies is chiefly concerned with the improvement of teaching in this country.

Now it was the foundation which was set up to operate the pension system about which you have heard a good deal from other witnesses. As you know, the free pensions which Mr. Carnegie originally envisaged for all college teachers proved actuarially impossible.

In 1917 the Carnegie Corp. organized a contributory insurance company for the sole purpose of providing annuities for college teachers. This company is known as the Teachers' Insurance and Annuity Association. It might be listed as a Carnegie fund. It is not an endowment. It is an insurance company operating under the insurance laws of the State of New York.

I may say here, Mr. Counsel, that the Carnegie Foundation and the Carnegie Corp. have operated throughout their history almost as a unit. We have had joint offices in New York. At the present moment all the officers of Carnegie Foundation are also officers of the Carnegie Corp. At various times in our history we have even had the same president for the two institutions.

The fifth fund which he established was the Carnegie Endowment for International Peace, the purpose of which is implied in its name. That also has its main office in New York.

At one time it had a Washington office, but it has now given that up. It has also an office in Paris. I think you are to hear from representatives of the Endowment later, Mr. Counsel, so I won't go into detail about that.

The sixth and last fund which Mr. Carnegie established is the Carnegie Corp. of New York, which is the one which I represent. That got the largest endowment. The original endowment was \$135 million.

It is also the one organization which was set up for the purpose of making grants to educational agencies of various kinds, and not to operate any single program. I can expand on that, Mr. Counsel, if you like.

Mr. KEELE. I think you might tell us as to the assets which the corporation has and as to what its average income is in the past few years.

Mr. DOLLARD. Well, our original endowment, as I said, was \$135 million. Our present assets at book value are approximately \$175 million. They are considerably higher at market value. They are considerably higher because we hold some equity investments which have appreciated a good deal since we bought them. Our income last year was around \$7 million. Our average income since the war has been closer to \$6 million.

Mr. KEELE. How many trustees do you have?

Mr. DOLLARD. We have 15 trustees, Mr. Keele, and as I indicated, under the old dispensation, 6 of those were ex officio, 9 were trustees elected for terms of 5 years.

Under the bylaws as now amended, there will eventually be only 1 ex officio trustee and 14 term trustees.

Mr. KEELE. And how many employees does the Carnegie Corp. have?

Mr. DOLLARD. At the moment about 35. It varies a little from time to time. Of these 35, about 10 are listed as officers. That includes, as I indicated before, the officers of the Carnegie Foundation who also are officers of the corporation.

Mr. KEELE. And how many of those employees enter into policy-making decisions?

Mr. DOLLARD. About 10, sir, normally.

Mr. KEELE. And those I assume are your top executive officers?

Mr. DOLLARD. That's right. The president of the Carnegie Foundation is one, I am one obviously, we have two vice presidents in the corporation who have important responsibilities in the making of policy and program.

We have a secretary and an associate secretary. We have part of our fund which can be applied in the British dominions and colonies, so we have two officers who devote all of their time to that.

We have a treasurer and we have two younger men who do not have titles and are listed merely as staff members, but who sit at our staff meetings.

Mr. KEELE. Now how are the officers and policy-making employees selected, Mr. Dollard, when they are employed by the corporation?

Mr. DOLLARD. Well, it is obviously the board's responsibility to select the president, Mr. Counsel, and I think perhaps one of our trustees might speak to that point later.

Perhaps this is the time to say that I have been an officer of Carnegie Corp. since 1938, and I have been president of the corporation since May 1948, so the trustees had 10 years to observe my behavior and decide whether or not they wanted me as president.

As to the officers other than the president, the recommendations are made by the president to the board. I can tell you what we look for in officers, which is perhaps the important thing.

We want men who have had a very good education, who have had some experience in higher education, that is who have actually been

in colleges or universities, who have a great deal of common sense, and who have absolute integrity and imagination.

We are not too much interested in what fields they have been trained in, although we would not want to get a staff made up wholly of chemists or psychologists or sociologists.

We want some variety in the training of the staff, but the important thing is that they are responsible, they are wholly honest, that they are imaginative, that they have common sense and that they are willing to work very hard.

Mr. KEELE. What is the purpose for which your corporation was founded?

Mr. DOLLARD. Our charter specifies that we must work for the advancement and diffusion of knowledge and understanding among the peoples of the United States and the British Dominions and Colonies.

We interpret that to mean that our main job is to make the American people more intelligent, more informed, to improve our educational system generally, and to get on with useful research.

Mr. KEELE. I was interested in having you say that because the purpose of your corporation varies somewhat from the broader purposes of many of the foundations, which is the welfare of mankind. So as I understand it, you are limited primarily to educational work.

Mr. DOLLARD. Yes, although if you consider the language of the charter, it gives you a fairly broad field to play over so long as your counsel is sure that what you are doing is contributing in any way to knowledge and understanding.

Mr. KEELE. And how are you trustees selected, Mr. Dollard, when there is a vacancy on the board?

Mr. DOLLARD. Well, the vacancies on our board are filled by the sitting trustees. The process usually is that the president goes around first to the chairman and then to all the other trustees and asks them for names of men who they think might make good trustees. These are distributed to the trustees and usually discussed in several meetings informally. In some cases we may keep a list under discussion for a year before we actually make any selections.

Now what we are looking for in trustees is, to use a broad term, men of affairs, that is men who have a concern for the things which we are chartered to do, men who themselves are liberally educated, who are humane and who have a concern for the common good, and above all, who are not so encumbered with other trusteeships that they can't give us time, because we ask a great deal of time from our trustees, and the way we are organized it is necessary that we get it.

Mr. FORAND. Are your trustees paid for the work they do?

Mr. DOLLARD. They are not, sir. In the first instance Mr. Carnegie himself provided that they be compensated at the rate of \$5,000 a year, but very early in the corporation's history the trustees themselves did away with that compensation, and the question has never been raised since.

Mr. KEELE. How many meetings a year do you have of your board?

Mr. DOLLARD. We have four meetings of the full board normally, one each quarter. We have two standing committees, the executive committee and the finance committee. The executive committee meets on call, but as a matter of practice it meets usually every month in

which the full board does not meet. The finance committee meets every month except August.

Mr. KEELE. And you attend those meetings, I take it, Mr. Dollard?

Mr. DOLLARD. I do. I am *ex officio* on both of them.

Mr. KEELE. How much time do the meetings require on the part of the trustees?

Mr. DOLLARD. I suppose the meetings themselves would not take from the average trustee more than 8 to 10 days a year.

Mr. KEELE. And how much work in addition thereto are the trustees required to do?

Mr. DOLLARD. Well, let me speak first about the work they have to do for the meetings. Our agendas, or dockets, are necessarily fairly involved because we are often asking the trustees in one meeting to approve recommendations running to \$2 million.

Our last agenda, just to take an example—and it is a fairly typical one—ran to 45 pages.

We get the agenda to the trustees the week end before the meeting and we go on the assumption that every trustee has read it, and that proves usually to be a fair assumption, because if we had to repeat in the board room everything that was in the agenda we would never get through with the meeting. So much for the meetings themselves.

There is not a week that passes when I don't see my chairman at least once in his office or mine. There is never a week passes that I don't see the chairman of my finance committee in his office or mine, or the chairman of our executive committee, who is also our counsel, Elihu Root, Jr.

Now, I am also in constant touch with the other trustees because they are a rather gifted and distinguished bunch of fellows, and they are among my most useful informants and judges. I go very frequently to them with problems that we have under consideration in the office, and ask their opinion. Very often ask them to read all the papers and give me a written opinion on them.

I serve on several other boards myself as a trustee. I would say ours is about the hardest-working board I have ever been in contact with. This is one virtue of a small board, that one man, the president, can keep in active touch with each of the other trustees. I think if you had a board of 25 or 30 that might be a little difficult. I don't find it difficult with our present board.

Mr. KEELE. Does not that burden of work, and the amount of time involved, coupled with the fact that no compensation is given the trustees, limit your choice of trustees to men of wealth or at least independent means?

Mr. DOLLARD. Not in my experience, Mr. Keele; it doesn't. Some of our trustees I suppose would be classed as wealthy. Most of them would not be classed as wealthy, and I can say that in my time in the corporation, 15 years, we have never asked a man to become a trustee without his accepting.

I don't think that the critical factor in getting the trustee is the fact that you will or will not compensate him. I think the critical factor is: Are you doing something which he feels to be sufficiently important so that he will give a lot of his time to it?

Mr. KEELE. Of course, he does have to consider the fact as to whether his work or whether his commitments or whether his necessity for earning a living otherwise permit him to do this; doesn't he?

Mr. DOLLARD. Yes; he does. I am just saying in my own experience the fact that we do not compensate our trustees has not limited our choice. After all, the compensation that was originally provided, \$5,000, would not be enough to make a significant difference for a man who is making any kind of an income.

Mr. KEELE. You might get a difference on that.

We observe—or the observation has been made and we observe, too—that in the case of the Carnegie Corp. the great majority of your trustees come from the East, and most of them within a comparatively short distance of New York. Is there any reason for that, Mr. Dollard?

Mr. DOLLARD. A very good reason, Mr. Counsel. As I have indicated, ours is a working board. According to the bylaws, there must be six men on the executive committee and at least six on the finance committee. I occupy one chair in each committee, but that still leaves 10 places to be filled.

Now, those committees meet regularly, and the executive committee has to meet on short notice very often, and therefore it would be very difficult if we had any great number of trustees from away from New York.

We do have, as you may have noticed, one trustee from Washington, one from St. Louis, one from Pittsburgh, and one from up-State New York; so that about two-thirds of our trustees are from the city of New York. I would say, in the very nature of our operation, it is necessary that a majority of our trustees be close to home base.

Mr. KEELE. In your opinion, does that limit the horizon or the experience of your trustees?

Mr. DOLLARD. In my experience, it doesn't a bit. As you know, Mr. Counsel, there are very few native-born New Yorkers. A great many of the men who now live in New York, including myself, were born in other parts of the country, and in my experience there isn't a New York point of view or an eastern point of view that proves to be any kind of biasing factor in our operations. I have checked occasionally on this to see whether it was true.

Mr. KEELE. I think your reports show that you average around 275 or between 250 and 300 grants per year, and have over the last 50 years or so; is that not correct?

Mr. DOLLARD. Yes; that would be a good average, Mr. Keele, but I would like to distinguish between types of grants, if I may. I don't want to interrupt your questioning.

Mr. KEELE. Not at all. We are just trying to get the information.

Mr. DOLLARD. Let me say that we have two kinds of grants. First, the grants actually voted by the board or the executive committee, which include virtually all the sizable grants, over \$10,000.

Then we have many allocations which are made either from a discretionary fund which the president is allowed to allocate and report to the trustees, or from funds that are set up for a particular purpose, with the individual allocations being left to the officers.

The number of grants voted by the board or the executive committee between 1941 and 1951 is actually a little over 800, and the total money voted during those 10 years is about \$42 million plus, so that your average grant comes out to a little better than \$50,000.

Now, let me illustrate what I mean by these grants made at the discretion of the officers, and you stop me if I am going farther than you want.

About 12 years ago we began—

Mr. KEELE. May I interrupt you just a moment, Mr. Dollard. We would like to know—and I think that your answer probably will tie in with the general over-all question I would like to present to you—how your grants originate in the first instance, the method by which proposals are generated, and the manner by which it is determined whether to reject or accept them.

Mr. DOLLARD. Shall I continue with my illustration and then come back?

Mr. KEELE. Go ahead.

Mr. DOLLARD. The illustration I was going to give of the administrative allocations, as I say, goes back about 12 years ago when some of us in the office, including myself, became concerned about the fact that nobody in the universities and colleges seemed to worry about how you provided new leadership; that is, there seemed to be an assumption that, when you needed a new dean or a new president God would provide him.

We thought that probably this was not a good assumption; so we decided to try to do something about it; and the idea we hit on, which was a very informal and not too systematic one, was that as we traveled around the country we would keep our eyes open for young men who seemed to us to have a flair for administration and an interest in it, young men in colleges and universities.

Once having spotted them and having made sure that our own judgment was correct by checking with their colleges, we asked the presidents of those institutions whether they would be willing to give the young men leaves of absence for 2 to 4 months to travel about the country to other educational institutions and see how things were done in other places.

The idea was a simple one—that this would be a broadening experience. It might also deepen the man's interest in administration, and when the time came for him to take larger responsibilities he might be better fitted for them.

Well, now, obviously you can't bring allocations of that size up to a vote of the board, because you are making them week by week. What we have done is to ask the board to give us occasionally a sum, usually \$25,000, from which the officers can make allocations for this purpose.

The allocations are small ones, usually \$1,500, \$2,000, \$2,500. They merely cover the man's expenses while he is traveling.

Mr. SIMPSON. Are the discretionary powers limited to this matter of administrative work?

Mr. DOLLARD. Yes. In fact, Mr. Simpson, we never make discretionary grants over \$10,000. These are reported in detail at the next meeting of the board, and the board has a chance to comment on them; and they frequently do, by the way, to express pleasure or displeasure with what we have done.

Now, may I go back, Mr. Counsel, to your other question about how proposals originate.

Most of the grants we make originate or grow out of proposals that are made to us by people in the colleges and universities or, in some



cases, in the operating agencies. Now, that is a simple statement of fact. It is a little more complex than that.

Our officers are moving around the country all the time, and I am moving around as much as I can. We are talking with what we think to be the best people in education all over the country all the time. Very frequently ideas grow out of those conversations which later result in proposals to us.

Now, the proposals usually come from a university or college. Very often they date back to a conversation we may have had with the man who makes the proposal. When a proposal does come in it usually originates with a conference in the office with one of the officers to explore our interest in the matter.

If we show interest, usually we get a document laying out the proposal, indicating the cost, the term of the grant, very specific information about the end objective, a good deal of information about what persons will be involved in the grant, et cetera, et cetera.

That is always read by at least two officers of the staff, and if it is a big proposal it is frequently read by all the members of the staff, at least six or eight of us. On the basis of that reading, we have a staff discussion of it.

The staff meets every Wednesday afternoon. We devote the whole afternoon to discussion of proposals and policies.

If there is agreement in the staff or if there is at least a majority view that this is worth very careful consideration, I usually detail two members of the staff to go out and visit the university or college where the job is to be done.

Now, if it is a university to which we are constantly making grants and the amount is not large, we might not do that, but normally we send our people out to the institution to which the grant is to be made for an on-the-spot check.

Mr. SIMPSON. I wonder if we might have an example of what such a grant might be.

Mr. KEELE. Why don't you point that out?

Mr. DOLLARD. May I take a recent one, Mr. Simpson, because it is fresh in my mind.

Mr. SIMPSON. Take any one you want.

Mr. DOLLARD. Perhaps I could just finish the circuit here. It won't take me a minute, Mr. Simpson.

After the on-the-spot inspection has been made, we have another staff discussion and it is at this point that we decide whether or not we will recommend the proposal to the trustees. Incidentally, if we don't recommend it, we also report that fact to the trustees.

That is, we put in the agenda a list of the proposals which we have not recommended to them, and any trustee is free to pick an item out of that list and say "Take another look and come back again."

But if we are going to recommend it, at that point the person on the staff who has had most association with the particular project is asked to write the presentation to the trustees. As I indicated before that, this presentation becomes part of a fairly large agenda that we send out before each meeting. We usually have a very full discussion of the proposals which are recommended by the officers in the board meeting, and then the board votes.

I should mention that very frequently—I would say more often than not—in the process of doing this staff study we have almost

inevitably had discussions with some of the trustees, not because we want to fix their position on the thing or be sure of their vote in the meeting but usually because we think they would know something about it which would be useful to us. That takes us through the board meeting.

If the grant is made, then the officers notify the grantee and arrange a schedule of payment.

Now, to go back to Mr. Simpson's question. As I said, I would like to take a recent example and it involves—and this is just fortuitous—a witness who has already appeared before this committee, Dr. Henry Wriston of Brown. I may say I see quite a bit of Dr. Wriston. We are on a couple of committees together, and I see as much of him as I can because he is one of the most intelligent men I know in higher education, and I have a great appreciation of his judgment.

Last spring he and I had a fairly long session about the first two years of college education. Mr. Wriston, as you know, has been in higher education all his life. He has been president of one college and one university, and taught at a third university.

He has been increasingly concerned that the boys and girls come out of high school with a fairly high momentum; that is, they are very interested in the learning process; they are very ready to be stretched and pressed and made to work hard, and that the colleges let them slump in their first year rather than pick up the momentum they already have and get them going faster.

He has been very concerned as to how you could organize the first 2 years of college work to get around this problem, and he came up with what I thought was a very interesting idea for a new series of courses for the freshman and the sophomore year, which were designed to catch the young people's interest, to make them work very hard, but also to make them work with a purpose and a motive, and bring them to their junior year not only better educated but with a bigger head of steam.

Well, I had several discussions of this program with Mr. Wriston. He submitted a long memorandum on it. We discussed it in our office briefly in the spring.

During the summer one of the men worked over similar programs in other liberal-arts colleges to see to what extent this duplicated ideas which were being tried in other places. In October we began a series of staff discussions.

I think we had three, and I think it was the day before the election I went to Providence myself with my colleague, James Perkins, the vice president of the corporation, and we spent an evening and a full day with Mr. Wriston and all of the men who would be involved in this program. When I say "a full day," I mean a full day. It started at 8 and ended at 6.

During that time we had conferred, I think, with perhaps 35 members of the faculty at Brown. When we came back, Mr. Perkins and I made our report to the staff. It was unanimously agreed that we ought to recommend it to the trustees. We did recommend it at our last meeting on November 18, and the trustees accepted the recommendation.

Now, that is a fairly typical grant, Mr. Simpson.

Mr. KEELE. How large a grant was that?

Mr. DOLLARD. A quarter of a million dollars.

Mr. KEELE. And that was given to what group?

Mr. DOLLARD. To Brown University.

Mr. KEELE. It went solely to Brown?

Mr. DOLLARD. Yes. This program involves only Brown. Of course, you are always looking for programs, Mr. Counsel, that, while they may involve only one institution, will produce new ways of doing things, new ideas which can be generalized to other comparable institutions. You are always looking for the idea or the end result which is most generalizable.

Mr. SIMPSON. I think the committee might be interested in this. Some of us have gone to college, we know some things are wrong perhaps. We have children in college now. I think we might be interested in having some line on what new courses you are suggesting to keep the high-school momentum going through the first couple years in college. What was this plan?

Mr. DOLLARD. Well, I will be glad to tell you about it because it is fresh in my mind, Mr. Simpson.

Mr. Wriston's feeling was that in the first 2 years there was a tendency to depend too much on textbooks and not make the students go back to some of the great writings, some of the fundamental work which had been done in the various fields. His idea is a very simple one, that instead of a series of traditional courses built around textbooks written by professors at Brown or in other colleges, that you will have a series of courses in which the students primarily read the great books that have been written in that particular field.

Mr. SIMPSON. What fields?

Mr. DOLLARD. Biology, political economy.

Mr. SIMPSON. What great books?

Mr. DOLLARD. Adam Smith, *The Wealth of the Nations*, for example. As a matter of fact that is one book around which the course is being built.

I think one of Mr. Wriston's strong feelings, which I share incidentally, is that it was an evil day when we separated economics from politics, that is when we got away from the concept of political economy, because economics usually takes place in a state which is a political entity.

Mr. SIMPSON. Are the writings of Marx one of the books?

Mr. DOLLARD. No; it is not.

Mr. SIMPSON. Was that discussed at your staff meeting and turned down perhaps?

Mr. DOLLARD. No; I don't remember that it was discussed at all, Mr. Simpson. I think—and again I shouldn't say what Henry Wriston would think. Let me tell you what I think. I think *Das Kapital* is a pretty muddy book.

Mr. SIMPSON. You think what?

Mr. DOLLARD. That whatever you think of communism, *Das Kapital* is a bad book to try to teach students with, for reasons other than its ideology. It is a confused, muddy book. I haven't read it for 20 years.

Mr. SIMPSON. But you didn't recommend any substitute for that?

Mr. DOLLARD. For *Das Kapital*?

Mr. SIMPSON. Yes.

Mr. DOLLARD. Yes; I don't know whether you would consider *The Wealth of the Nations* a substitute. Again it is a great book about

the problem of organizing a society in political and economic—

Mr. SIMPSON. You know what I am trying to get around to. This is new to me. I am interested in this new method in colleges, and I would like to know whether it would in any sense be deemed too liberal.

That is what the committee is looking into, whether any of your funds could in the ultimate use be directed toward teaching in this instance to perhaps an immature mind what might develop into un-American tendencies.

Mr. DOLLARD. Well, with reference to this program, Mr. Simpson, and for that matter for any other program we have supported, I could answer you without reservation. The answer would be "No."

Mr. SIMPSON. That is the answer I hoped you would give. I thought with the personnel you have involved it would be given. That is one of the things the committee is charged with looking into.

I understood you to say earlier that your Carnegie Corp. of New York made grants principally—I may be wrong here—to the several other commissions.

Mr. DOLLARD. Other Carnegie funds?

Mr. SIMPSON. Yes; the Carnegie Institution, the hero fund, the endowment for—

Mr. DOLLARD. I think I didn't say principally, Mr. Simpson, but if I did, I misspoke. I said we did make grants. As a matter of fact, over the history of the corporation about a third of our total income has gone to those other Carnegie Funds.

Mr. SIMPSON. Do you make the grants to them after you make the investigation or do they make the investigation and request money from you?

Mr. DOLLARD. Well, it works both ways, Mr. Simpson. Let me give you an illustration with the Carnegie Institution of Washington, if I may.

During the war we made a grant of \$5,000,000 to increase their endowment so that they would have more money to do their own work, for which we have a very high regard.

Within the last week we had a proposal from Australia—it wasn't a very large one—for work in the field of astronomy, which is a field about which I know nothing.

We sent that to the institution for a judgment, and they came back with a very good judgment. We in turn recommended the grant, but recommended to our trustees that it be passed through the institution so that they could monitor for us. And that is a fairly common practice.

It works the other way, and again, Mr. Counsel, you cut me off if I get too absorbed in what I am talking about. This is my business. Let me give you an illustration of the other thing, Mr. Simpson.

Dr. Bush has been concerned for some time with this problem of edible algae, that is, how to produce foods from water-borne organisms, and his group at Stanford in the laboratory of plant pathology has done a great deal of work on this problem, and they have finally isolated one water-borne organism called chlorella. Chlorella has certain virtues. It is edible in the first place. It has a high nutritive value. It reproduces itself very rapidly, and it can be grown in places where the soil is not aerable but where you have a fair water supply and good sunlight.

Well, Dr. Bush got the research program to the point where they were sure of their research findings, that is, they knew all they needed to know about chlorella. What they didn't know was whether you could produce this commercially at a high rate of speed and at a fairly reasonable rate of cost.

He suggested to us that we go along with him in building a small pilot plant to test the economics of chlorella, if you will. He said he could put up \$50,000, if we would put up an equal amount. We did. Now that again is a fairly common practice.

Mr. SIMPSON. Thank you.

Mr. O'TOOLE. A little earlier in your discourse you said relative to these proposed courses in Brown University that you were very happy, that the foundation was very happy, to be able to divorce the subject of economics from the subject of politics.

Mr. KEELE. I don't believe that was the statement, Mr. O'Toole. Will you correct that?

Mr. DOLLARD. What I said, Mr. O'Toole, was this, and I was expressing a personal judgment—

Mr. O'TOOLE. When I say "politics" I am not thinking of party politics.

Mr. DOLLARD. I understand. I was expressing a personal judgment that it was an evil day when we separated the disciplines of economics and politics, that I think the old term "political economy" as used by Adam Smith and, by the way, used to a great extent by Keynes, to name a much more recent economist, was a better term. I think it is a little difficult to divorce the problems of economics from the problems of politics.

Mr. O'TOOLE. I don't think it can be done.

Mr. DOLLARD. I don't either. Mr. Chairman, do you want to start me going again? I am self-generative.

Mr. KEELE. Let us have you illustrate for us, if you will, by reference to some of the outstanding achievements of the Carnegie Corp., or shall we say that cluster of Carnegie institutions which have had a tremendous impact on our society.

Mr. DOLLARD. I would be very glad to do that, Mr. Counsel.

Two of the things, two of the programs or ideas which are most commonly associated with the Carnegie name I think, are pensions for college teachers and libraries.

Now to take them in reverse order, Mr. Carnegie himself had a great feeling about public libraries, partly because he got a good deal of his education—and he was a self-taught man, as you know—he got a good deal of his own education in the Pittsburgh Public Library.

So during the course of his lifetime he built—and these figures are rough because he was a very active man and it is not always possible to tell everything he did—approximately 2,811 free public libraries.

His formula for doing that, I think perhaps one of the most interesting philanthropic formulas ever devised, was that he let it be known that any municipality in this country that wanted a library, was willing to provide the ground and was willing to commit itself to appropriate not less than 10 percent of the original cost of the structure, as long as the library stood, for its maintenance, any such

municipality could count on him for a gift for a library, and literally the offer was that wide open.

I have not found in our records any occasion when he declined to build a library if those conditions were met. The corporation has continued that interest in libraries, not by constructing additional library buildings, because the country is pretty well supplied by now, but by trying to improve the profession of librarianship.

We have endowed one library school and we have helped to establish a library school for Negroes at Atlanta University. We have supported a good many experiments in the library field, that is the provision of rural libraries, the creation of regional libraries, et cetera.

Most recently we underwrote a very large study of the public library as a social institution in this country. I would say that perhaps the most important thing that Mr. Carnegie and the Carnegie Corp. have done was the library work, into which as nearly as I can estimate we must have put \$60 million.

The next thing which I suppose one would think of is the whole Carnegie pension plan. I think some of your other witnesses have told you something of the history of that.

Mr. Carnegie himself was not a college man. He was, however, a trustee of Cornell, and during his trusteeship at Cornell he became acutely conscious, and I may say almost horrified, by the way in which the college teachers of that time were treated. They were worked hard all of their lives at very meager salaries, and when they were too old to teach, they were put out without any provision at all for their support.

Mr. Carnegie made up his mind that this was a bad thing and that he would do something about it. That was his chief purpose in establishing the Carnegie Foundation for the Advancement of Teaching, which was established in 1905.

As I have said earlier and as other witnesses have told you, the endowment which he provided for that pension system proved wholly inadequate, and in spite of the fact that we have put—by “we” I mean the Carnegie Corp.—about \$50 million into pensions to make good on the early Carnegie pension and to provide the Teachers’ Insurance and Annuity Association with enough capital to operate, in spite of this fact the pension list had to be closed in 1915. It wasn’t closed entirely tightly, so a few people were added up to 1928, but after 1928 there were no more Carnegie free pensions granted.

Now I think it probably would seem a little boastful for me to say all the things I think about what happened as a result of this really magnificent idea. I think it really paved the way for the whole concept of annuity and retirement provision for teachers throughout this country, including the State retirement systems which are now common in almost every State.

I think Henry Wriston said before this group that the only way—I must confess, Mr. Counsel, I have read your record very carefully—you could set up a pension system in this country for teachers was by starting the wrong way, and there is a great deal of truth in that, because it would have been impossible for Mr. Carnegie to create an endowment and Mr. Carnegie was a very wealthy man, it would have been impossible to create an endowment sufficiently large to pension all teachers, but by creating an endowment which was large enough to start the process, other ways were found to continue it.

I often wish I could think of as good an idea as that one just once. I would consider my career as a philanthropoid a very successful one. Incidentally, that word "philanthropoid" is a common one in the trade. It is used to distinguish between a man like myself who gives away somebody else's money and a man who gives away his own money. One is a philanthropist and the other is a philanthropoid.

Mr. O'TOOLE. I would be willing to be the recipient of either. [Laughter.]

Mr. KEELE. What were some of the results, though, of that besides the establishing of an annuity plan? I mean, what was the result or effect upon establishing standards of instruction and levels of education within colleges and universities?

Mr. DOLLARD. Well, Mr. Counsel, we are talking about 1905, and remember that the terms of Mr. Carnegie's bequest to the Carnegie Foundation provided that these pensions would be provided to college and university teachers, superannuated college and university teachers.

The president of the Carnegie Foundation at that time was Dr. Henry Pritchett, who had come to the foundation from the presidency of the Massachusetts Institute of Technology, and the first thing Dr. Pritchett discovered was that there was no definition of the word "college." It was possible, I may say with regret it still is possible, for any reputable man to go to a State legislature and get a charter to found a college.

The result was that there were operating throughout the country—and this was not peculiar to any one region—a great many institutions which gave the baccalaureate degree and in some cases advanced degrees, which were pretty shoddy institutions.

Dr. Pritchett felt that he had to get some definition of what a college was, and so he accepted—and by the way, he didn't create, and this is clear in the record—what became known as the unit system for admission to colleges.

This was a system that had been evolved by some of the good colleges with the help of the college entrance examination board, and the system was a simple one. It provided that no student might be admitted to a college who had not completed 16 units or 4 years of high school.

Now, when I say that no student could be admitted, that is not entirely true. There were always exceptions to the rule, but that was the general rule.

The other provision that Mr. Carnegie made in his bequest was that pensions would not go to schools which were wholly under the control of a single religious sect. It did not say, and it was very careful not to say, because Mr. Carnegie himself was a religious man, that they would not go to schools in which there was any religious influence.

The bequest merely said that it would not go to colleges and universities which were by law under the control of a single sect. Well, that necessarily involved some readjustments in the boards of many colleges which wanted to get on the pension rolls, and there was some uproar from some of those colleges.

I have read that record pretty carefully. One of the most amusing things in it is that when Mr. Pritchett himself in one of his reports suggested that the so-called unit system had gone a little too far, that is, people were putting too much reliance on it—and by that time, incidentally, it had become known as the Carnegie unit—when he sug-

gested that that had gone a little too far and perhaps the rule should be relaxed, there was a great protest from college presidents in many parts of the country who said, in effect, "This is the first time we have ever had any firm backing from an outside agency to improve our institutions, and for heaven's sakes, don't retreat from your position."

My own judgment is that, on the whole, the effects of both those provisions were quite salutary in the long run.

Mr. KEELE. Now, we have heard here from various witnesses of the Abraham Flexner Report on Medical Education. That was financed, as I recall it, by Carnegie Endowment for Advancement of Teaching. Is that correct?

Mr. DOLLARD. The Carnegie Foundation for the Advancement of Teaching, Mr. Keele.

Mr. KEELE. All right. And the effect of that was also of tremendous importance; was it not?

Mr. DOLLARD. I would say very great importance. There are several interesting things about that report.

While Abraham Flexner is always referred to as Dr. Flexner, as a matter of fact he is not an M. D. He is a younger brother of a very distinguished M. D., Simon Flexner, who was the first head of the Rockefeller Institute for Medical Research. Abraham Flexner came to the attention of Henry Pritchett, who was concerned about the quality of medical education in this country. Pritchett sent for him, and I have the story from Mr. Flexner himself, who happens to have an office in the same building in which we have our offices. Mr. Pritchett sent for him and asked him if he would do a study of medical education.

Mr. Flexner protested that he was not a doctor, and Dr. Pritchett said, "That is exactly why I want you to do it."

At the time—1910—that Mr. Flexner made this study, there were, as I remember, a few more than 500 institutions in this country which called themselves medical schools. Virtually all of them were proprietary schools; that is, they were run by doctors for profit.

Mr. Flexner made his report. Incidentally, he followed an unusual procedure in making the report, which he has told me about. Every time he returned from a medical school which he had visited—and he visited every school referred to in his report—he would sit down and write an account of what he saw, what he was told, and his judgment about the enterprise.

He would then send this to the man who was running the school—the dean, director, or what not—and say, "Will you please correct any errors of fact and return this to me?" Well, needless to say, he got very few corrections because he didn't make many mistakes. What did happen was that about 50 of the schools closed before the report ever got out, and a great many of them closed later.

Now, to give you some comparison of medical education then and now, my recollection is that at the moment there are about 77 class A medical schools in this country, although our population has more than doubled since Flexner did his report. There are 77 class A schools compared to more than 500 that existed in 1910.

Incidentally, and this is perhaps not important, the remedial work which was done as a result of the Flexner report—that is, the upgrading of medical education, the relating of medical schools to universities, which was a most significant thing—was not done by any



of the Carnegie groups. It was doing chiefly by the Rockefeller Foundation and the General Education Board.

They were the first among the foundations other than the Carnegie group to recognize the importance of this report. They appointed Mr. Flexner to their staff, and it was he who was largely responsible for the first great Rockefeller benefactions to medical education.

Mr. KEELE. They appointed Mr. Abraham Flexner?

Mr. DOLLARD. That's right, sir. Simon Flexner later was appointed director of the Rockefeller Institute for Medical Research which, as you know, Mr. Counsel, is a separate corporation also founded by John D. Rockefeller, but quite distinct from the Rockefeller Foundation. It has its own endowment, its own plant.

Mr. KEELE. Now, you have indicated that there was considerable uproar at the time the pension plan was instituted because of some of the conditions imposed or required.

Was there not considerable uproar in the country generally when the Flexner report came out, which resulted directly or indirectly in the closing of some 400 medical schools?

Mr. DOLLARD. Of course, I was just starting into kindergarten that year.

Mr. KEELE. I quite understand, but I assume you know from the records and from your contacts with men like Flexner and other "philanthropoids."

Mr. DOLLARD. As a matter of fact, I don't think the uproar on the Flexner report was too great because the best men in medical education and in medicine knew that what Abraham Flexner said was too true; and, while I am sure there were a lot of people that hated his name and always will to the end of time, I don't recall from reading the record that there were any very bitter attacks on this, or any great protest.

For one thing, it has been my experience that when you disclose a situation of this kind publicly and do it not with allegations but with facts and figures which cannot be contested or negated, the public itself will see to the rest.

Mr. KEELE. What I am leading up to is this: To what extent does widespread criticism or criticism that may not be so widespread, or the possibility of criticism, influence you and your board in making grants?

Mr. DOLLARD. Now, may I take that question in two parts?

Mr. KEELE. Any way you choose.

Mr. DOLLARD. First, how does it influence me and the other officers. I think that is a question that we never worry very much about. We have our own endowment. While we are concerned with public opinion and public judgments, criticism doesn't destroy us; it doesn't put us out of business. We can take fair and honest criticism if we think we are right; so, I can't remember any instance since I have been an officer of the corporation where anybody said, "Let's not do it because we will be criticized."

Now, as to the board I think it would be even less true of the board. These trustees are serving, as I have indicated, without compensation. They are serving because they believe in what we do. They are not timid men.

If they were, they couldn't have gotten where they are, and I can't recall any instance nor can I foresee any instance in which our board

would decline to do what it thought was the right thing to do because they would be criticized for it.

Mr. KEELE. Now, to whom, if anyone, do the trustees consider themselves accountable?

Mr. DOLLARD. Mr. Counsel, we consider that we are operating a public trust. We exist or we operate by virtue of two facts.

One, that Mr. Carnegie gave us the endowment in the first instance and, second, that the State of New York and the people of the United States allow us to operate without taxation, and I think that in return for that tax exemption there is established a clear public interest in what we are doing. So, we feel that our bosses are the American people at large.

Mr. KEELE. Then, wouldn't it follow that if you embarked on a course which aroused sufficient criticism you would be acting contrary to those people or to the people to whom you are accountable?

Mr. DOLLARD. I am not sure I follow that, Mr. Counsel. Would you repeat it.

Mr. KEELE. I am saying that if you consider that the foundation, the corporation, is accountable to the American people, and if you embarked on a course with which they were not sympathetic or to which they had objection, you would be acting contrary to the people to whom you are accountable; would you not?

Mr. DOLLARD. Well, that is a problem that has never arisen, and I doubt that it would.

I have a great confidence in the good sense of the American people as long as you explain to them what you are trying to do, and I have a pretty strong feeling that anything our trustees elected to do, after due reflection, anything they conceived to be in the public interest, would be apt to win the approval of the American people, and that, in fact, has been the case.

Mr. KEELE. So that you are thinking really of the American people and not, shall we say, organized pressure groups?

Mr. DOLLARD. That's right.

Mr. KEELE. If I understand the import of what you have said, you would not yield to the social pressures of an organized pressure group. You feel it would be impossible practically to go contrary to the feeling of the people generally in the country?

Mr. DOLLARD. That is quite right. As a matter of fact, the pressure-group problem doesn't come up in very real form. Never in my memory have we been put under strong pressure to do something by a particular-interest group.

I don't think it would do any good to try to pressure our trustees, anyway. They are pretty independent fellows. Nor in my memory have we ever been severely criticized by an interest or pressure group for anything we did do.

But the reason in the long run that we would bow to the judgment of the American people as a whole is a very simple reason. Any time they decided that we were not operating in the public interest they could through their elected representatives withdraw our exemption, and the story would be told.

Mr. KEELE. And that is exactly the position that John D. Rockefeller, Jr., took I believe at the time of the hearings in the Walsh committee.

Mr. DOLLARD. Exactly.

Mr. KEELE. That, if corrective measures were needed, they could be applied at any time.

Mr. DOLLARD. That's right. I was a little amused, I must confess, at one of your witnesses earlier in this proceeding who went back to the time of Hammurabi to prove that a legislature had the right to legislate. He developed at great length the theory that elected representatives of the people could enact legislation which would govern the operation of a tax-exempt organization.

Well that seems to me, if I may say so, to be belaboring the obvious. The question is not the right of a legislature to legislate, but the wisdom with which it does it.

I think it should be stipulated in the record that the legislature, including and especially the Congress of the United States, has an inherent right to enact any legislation which they feel to be in the public interest affecting foundations or anyone else. The question which I hope we will come to later, Mr. Counsel, is the wisdom of the legislation you enact.

Mr. KEELE. Of course, the Supreme Court has said in some instances there were limitations upon that power.

It has been suggested to the staff, though it has not been said from the witness chair in these hearings, that no foundation today would dare to present a report, let us say, on education which was as sweeping in its effect as the Flexner report, even if it were possible to present such a report. Will you comment on that?

Mr. DOLLARD. All I can say, Mr. Keele, is that my knowledge is pretty much limited to the large foundations which are organized as we are organized with a professional staff, where the donor is not an active figure in the picture, either being dead or having voluntarily withdrawn.

All I can say is that I don't believe that is true. I think there is just as much boldness in the foundations as there ever was. I think that if it was indicated to do a study like the Flexner study and publish it, I could think of half a dozen foundations that would be quite ready to do it.

Now, I may say on this point that there is a tendency among people outside foundations to confuse timidity and skepticism. We are very often asked to do things which indeed would be very bold but which in our judgment would be neither very wise nor very effective—that is, the end result would not justify the investment—and these things we do not do. Boldness for the sake of boldness has never recommended itself to me.

Mr. KEELE. That is only one of the factors I take it that should enter into the decisions of a foundation: What projects it will back and those it will not; but it is an element—is it not?—to be considered.

Mr. DOLLARD. You mean the question of the reaction to what you do?

Mr. KEELE. No. I am thinking of the fact that it is bold in the sense that it is brave, shall we say, or new or novel, and coupled with that statement I come to the function of foundations in modern-day society, and I would like you to describe what you conceive to be their function.

Mr. DOLLARD. Well, I think we said in our answers to your questionnaire, Mr. Counsel, that our general conception of the role of a

foundation was to improve the whole tone of the society in which it operated; that is, to make the society healthier, wiser, saner, better informed about any area of knowledge or human problems which was important to the society as a whole.

I think, if you look back over our history, you can derive that definition from what we have done. At any given time I think we have tried to use our income for that purpose.

Mr. KEELE. Yes; but how do you implement that? Any deed that is done by an individual or group or organization, I should think, which is kindly or generous, intelligent in any way, tends to improve to that extent, as small as it may be, the general level of civilization; but how do you implement it?

I mean by that—and what we are getting at is this question of risk capital that has been used so much—do you try to select pivotal points at which to exert the pressure, or just how do you go about that in your judgment?

Mr. DOLLARD. Exactly. The phrase “pivotal points” is a very good one. We use a phrase almost equivalent in our office. We are always looking for leverage. We are always looking for the place where you will get the maximum impact with a given amount of money.

If you would like, I think I could illustrate that by running through some of the considerations that led us in 1945 to lay out the outlines of a new program.

Mr. KEELE. All right; I think that would be interesting to hear.

Mr. DOLLARD. First, let me say that from 1942 to 1945 during the period of the war, the corporation was relatively inactive. The universities were almost entirely engaged either in defense research or in training for the military services. Our staff was almost entirely away on military leave.

There was virtually no one in our office except people to keep the records and to do the necessary routine operations of the corporation.

When we came back in 1945 we had a new president who had been elected in July 1945, Mr. Josephs.

We added to the staff one man who is now a vice president, who had been an officer in the Marines and assigned to OSS. The man who is now running our British Dominions and Colonies Fund had been head of one of the most important sections of OSS, which I am not even allowed to mention. The young woman who is now our associate secretary had been an officer in the Marines. Virtually everybody on the staff had been engaged in war service of some kind. I say this because it is important.

We came back, all of us, with a background of war experience and with a sense of the conditions and the new problems which the second war would produce for this country. In a long series of staff discussions which went on for the better part of a year, we evolved four basic problems on which we agreed that we would work.

The first of these was that we would do everything we could to help the American people learn more about the rest of the world. That is, we didn't have any particular thing we wanted to teach them about the rest of the world. We simply had the conviction that in the world into which we were emerging after the Second World War it was immensely important that American citizens generally be better informed about other areas of the world.

Many of our programs and many of our grants which have been made since the war are responsive to that feeling that there was a need for a greater understanding and knowledge in this country about other parts of the world.

Now I don't mean merely widely diffused knowledge such as you get out of good journals, newspapers, or what not. I mean such things as having an adequate number of people who commanded the languages of other countries, an adequate number of historians who knew the history of other countries, an adequate number of geographers who were really well versed in the geography of the whole world, an adequate number of social scientists who had some understanding of the culture and the behavior and the societies that we would have to deal with in the future.

The second thing that we agreed on was that we would do everything we could to advance the social sciences, not as ends in themselves but as tools which would be useful in understanding this new world into which we were emerging.

The third thing we agreed on was that it would be most helpful if we could find ways and means of bridging the gap between education and business and between education and Government and between business and Government, because these gaps seemed to us, and still seem, to be unreal. They shouldn't be there. Education should be immediately related to all the other important elements of our society.

The fourth thing that we agreed on was not by any means novel. It is what the corporation has worked on since the beginning of its existence, and that is that we would do everything we could to improve higher education, and indeed education generally in this country, in the belief that in the long run the country which had the best system of education would be the best country.

That is not a very original idea. You can go back and find it in Mr. Jefferson's writings. But it is something that we felt was especially important after the war. Now I could give you examples if you want them, Mr. Keele, of what we did.

Mr. KEELE. I would like to hear them.

Mr. DOLLARD. Under the first point, that is the problem of creating more knowledge about the rest of the world and increasing our supply of technicians, if you will, who were competent about the rest of the world, we launched a program of what we call area studies. By area studies we mean a very simple thing: A unit in a good university which is engaged primarily in studying some other country than the United States, or some other area other than the United States.

And by "studying the area" we mean teaching the language, doing research on the culture, the geography, the economics, the politics, giving undergraduate instruction where that is appropriate, but even more important, turning out graduate students who are competent in these fields.

If you have looked over our reports, you will know that we established or helped to establish—we provided the money, the universities provided the brains and the initiative—perhaps a dozen such area institutes throughout the country. If you would like some examples, I will be glad to give them to you.

For instance at Michigan there is an area study program on Japan under Robert Hall, the geographer who I think probably knows as much about modern Japan as any man in the country.

At the University of Washington we have a program on the Far East, the so-called Far Eastern Institute, under George Taylor, who is a historian.

We had a program on Latin America that included four universities in the South. It was a cooperative program, Texas, Tulane, Vanderbilt, and North Carolina. The largest of the programs is the Russian Research Center at Harvard University which we helped to get under way in 1948.

We also made three other grants for Russian studies because, as you may remember, we were particularly lacking in any facilities for the study of Russia in this country. We made grants to Columbia University when General Eisenhower was president of that institution, for their program in Russian studies. We made a grant to Dartmouth College for an experimental undergraduate program in Russian studies, and a grant to Bryn Mawr, Haverford, and Swarthmore, that physically related group of Pennsylvania colleges in the suburbs of Philadelphia, for a joint program chiefly in Russian history.

Mr. FORAND. Would you elaborate a little more on this Russian angle, because that seems to be the sore spot of the comments we hear about the country as we travel around, there is too much Russian connection with our institutions, subversives and so forth. I think it would be well if you would expand on that somewhat.

Mr. DOLLARD. Mr. Forand, may I be vain enough to read a very brief excerpt from one of my reports in which we announced this program. I think that might be the simplest way. This is from my annual report for 1949:

For almost 175 years the United States has made its way in a world continuously dominated by one or a combination of the western European states from which it largely drew its varied immigrant population and from which it inherited most of its traditions and customs.

In the aftermath of the Second World War, we find ourselves face to face with a new world power which has its roots in a culture vastly different from ours. Whether we are to live in peace with Russia, as we profoundly hope, or in strife, it is of the utmost importance that we achieve systematic and full understanding of Russian culture and history and of the habits, beliefs, motivations, fears, and loyalties of the Russian people. Without such understanding, our best efforts either to create a stable world, or to defend our own freedom may be futile.

I wrote that in 1948. I don't think I could improve on it, Mr. Forand, as a rationale of our own interest in Russian studies. I think it has been improved on though.

A year later, I think it was, General Eisenhower was inducted as president of Columbia University, and in his inaugural speech he made a statement discriminating between teaching communism and studying Russia as a phenomenon, with which we would have to live for the next hundred years at least. He made a statement discriminating those two, which was shorter and better than my own, and I wish I had it here to read to this committee.

The distinction in my mind is quite clear. If you are going to combat an enemy intelligently and aggressively, you have got to know all you can about him.

Mr. FORAND. Naturally in your mind and in the minds of most educated people that may be the true understanding, but I think you will agree with me that the average run-of-the-mill citizen, the minute you mention Russia thinks of communism, and that is the reason why I asked you to elaborate on it, so as to try to clarify that point.

Mr. DOLLARD. Yes, I understand, Mr. Forand. I just want to be sure I have clarified it for you. If I haven't, I will try again.

Mr. FORAND. Suppose you give us a little more detailed explanation of what these projects actually are. Break them down a little bit.

Mr. DOLLARD. Yes, I will be glad to do that. Now let me take first the Harvard one, which is the largest.

At Harvard you have a group called the Russian Research Center, which is a part of the graduate school. It operates under the direct jurisdiction of the Provost of the university.

The Russian Research Center has a committee which is in general charge of its program, which includes—and I can't give you all the names—the director of the center, Clyde Kluckhohn who is professor of anthropology, Edward Mason, professor of economics and dean of the Littauer School of Public Administration, and Professor Karovich who is one of their distinguished Russian historians.

The Harvard program is a double-barreled one. They are interested (a) in doing the most useful possible studies about what is going on in Russia, and what has gone on in Russia in the last 50 years, with the idea, as I have said before, that the more we know about contemporary Russia or the way in which the present Russian state has evolved, the better off we will be.

The second part of the program has to do with training. They are trying to train graduate students—and this is wholly a graduate program at Harvard—train them to competence in the Russian language so that they can teach Russian, train them to competence in what may be called the sociology of the Russian state, the economics of the Russian state, the political structure and the behavior of the Russian people.

Now where do these people go that are trained? Well, they go to a variety of places. They go to the liberal-arts colleges, which are in increasing numbers teaching Russian as a foreign language. They go to the State Department, they go to the Department of Commerce, they go to various of the armed services which are in increasing need of men who are competent about Russia, and of course many of them go into research and graduate teaching.

Now I speak with less familiarity about the Columbia program, which is called the Russian Institute, because our grants there have been smaller grants. The chief support there has come from another foundation, and what we have tried to help insure particularly is that they get the best graduate students.

In other words, we have given them fellowship money. The Columbia program is to a much greater extent a training program rather than a research program. They do some research and some excellent research, but the main focus of their attention there is a 2-year graduate program for able college graduates who wish to become competent in some phase of Russian culture, Russian history, or what not.

Now the distinction between teaching about Russia or learning about Russia and teaching or advocating communism is such a clear one in my mind and so clear in these programs that we have set up that I don't think there is any question about it.

Mr. FORAND. Well, there must be a great deal of misunderstanding among the people on that very question, because every so often we hear

or read about there being a nest of communism in Harvard and a nest of communism in Columbia, which no doubt originates in the thought that in these Russian projects—that may not be a good term for it, but I am sure you understand what I mean——

Mr. DOLLARD. A very good term.

Mr. FORAND. The possibilities of communistic propaganda so well exist that that may be the real cause for the people misunderstanding what you so clearly make out for us here.

Mr. DOLLARD. Well, Mr. Forand, I think where we are culpable is that we do a bad job of communicating what we are trying to do. I think we owe it to the public to do a better job of explaining.

Now we really sweat blood to do that in our annual reports. I have come to the conclusion, and my trustees agree with me, that we aren't doing enough, so beginning in January we are getting out a quarterly report, and we are going to send it to everybody where there is the faintest hope that he might read it, just to get better understanding of what foundations are trying to do.

I think we are culpable not in what we are doing, but that we have failed to do as good a job of communicating what we are doing to the people at large.

Mr. FORAND. The main purpose of your foundation is to broaden education.

Mr. DOLLARD. Exactly.

Mr. FORAND. That is one good place where you should apply that, I believe.

Mr. DOLLARD. Exactly. I couldn't agree you more, and we are going to try to do that in this quarterly report.

Mr. KEELE. To what extent, if any, is there a danger of those who are studying Russia—and they must, I assume, study communism in connection therewith—being persuaded to the communistic way of thinking?

Mr. DOLLARD. Mr. Keele, let me use an analogy that I am sure isn't original. Over the years the foundations have done a good deal in studying infectious diseases, yellow fever, bubonic plague, in all parts of the world. I suppose we have never underwritten a program, no foundation has ever underwritten a program of that kind, without running the risk that some of the people who were doing the studies in the field would become infected with the disease.

There is an analogous risk here. In my judgment, it is a much smaller risk, but there is an analogous risk that if you are going to study communism, you may someday find a student who studies it who passes over the line. Now let me repeat, I think this is not a serious risk, but it would be ridiculous to say that it isn't there.

Mr. KEELE. It is a calculated risk, in other words?

Mr. DOLLARD. Exactly, and you do it for the same reason that you take it with yellow fever. I think that one of the ways, one of the essential ways, by which we fight the Russians, is to know more about them.

Mr. KEELE. You have told us, and a number of witnesses have told us here, of the laudable things that have been done by the foundations. Now as a philanthropoid of some experience, we would like to have your criticisms of foundations, not only your own but of foundations generally.

I recognize that in your report you said—when I say “report” I mean your answer to the questionnaire—the only informed conten-



tions to the contrary have come chiefly from retired foundation officers, and I recognize you are not a retired foundation officer, but I would like to hear such criticisms rather as you may have to offer.

Mr. DOLLARD. Mr. Counsel, I suppose the first criticism you would make is that foundations don't get enough criticism, and I am not trying to be facetious. There is an old saying in our trade that nobody shoots Santa Claus. Since everybody lives in lively anticipation of the possibility that they will get some of your money, they are very loath to criticize you.

One way to get around that—and I will get back to your point in a minute. I might say, by the way, this inhibition does not extend to my trustees. They have no inhibitions in the use of their critical faculties. They exercise them very vigorously, chiefly on me.

One way we get around this is to hire people to criticize us. Last year we brought in about a dozen different men to work through some of our major programs and give us written criticisms on the programs and suggestions for their improvement. It was a very rewarding experience on the whole. These fellows had a motive for really being critical because we were paying them to do it.

The only other criticism I would make of foundations I think—this is the only major criticism—was the one implied in the exchange I had earlier with Mr. Forand, that they do not have the time or the patience or the imagination to tell the public enough about what they are doing. I think most of the criticism which has been generated about foundations goes back in almost every instance, to a simple lack of information as to what they are doing.

Mr. KEELE. I am sure, because we have talked about it, you know and are familiar with the criticisms Mr. Embree made in his article, which has been presented here and is in the record, which appeared in Harper's in 1949. I think the gist of that was the fact that foundations were too timid. What have you to say with reference to that criticism, Mr. Dollard?

Mr. DOLLARD. I have no sense, Mr. Counsel, that we in the Carnegie Corp. have been timid in the last 15 years. Let me say parenthetically if there is any timidity in the foundations, I know it has to be in the officers. The trustees are not timid people, and they do not inhibit the officers from being as bold and imaginative as their intelligence and their spirits will allow them to be. I hope, by the way, Mr. Counsel, you will put the whole Embree article in the record.

Mr. KEELE. It is in.

Mr. DOLLARD. Because there are portions of it, while the tone of it is critical, which salute some of us who are trying to be a little bold.

Mr. KEELE. And specifically you, Mr. Dollard.

Mr. DOLLARD. I couldn't say that, but I am very grateful to you for saying it, Mr. Counsel. I think the program—and this is getting back to the point I was just discussing with Mr. Forand—in Russian studies at Harvard is a bold program. I think it is a calculated risk and believe me we calculated it carefully. We were working on that program with Harvard for 18 months before we ever put a penny into it, and there were many problems that we had to iron out on it.

In the last 3 years we have also helped to set up—and in this case we took a fairly active part in addition to providing the money—the National Commission for the Public Schools, which is a body of dis-

tinguished citizens which has as its sole purpose the reawakening of American interests in its own public schools.

You will remember, I am sure, that historically public schools have been the responsibility of the local community. That has been one of the basic principles in American education, that each community would control its own schools within very broad limits.

This commission, I think, has done a great deal to awaken citizen interest in public education. When it started 3 years ago, there were perhaps a hundred committees, citizen committees, in this country, all over the country, a hundred citizen committees that were worried about the public school. Now there are 1,800, and these are not paper committees. They are committees which are in active touch with the National Commission for the Public Schools. I think the net result is that what might have been a very bad crisis in American public education will be ridden over without any grave effects.

Mr. KEELE. To what extent do you think Embree's statement that foundations suffer from the occupational disease of traditionalism, what we might call ossification, is correct?

Mr. DOLLARD. Well, I should say, Mr. Counsel, that I have argued this with Edwin Embree, too, because he was my very good friend and my acquaintance with him went back to the days when he was in the Rockefeller Foundation. I don't think that was a justified criticism.

I would have made another one, which he didn't make, which is that in the early days of a foundation you have a terrific tendency to play God. You think that money can do everything, and that if you have enough money and put it in the right place, all your problems will be solved.

As one is in foundation work a little longer, you develop more humility about what money can do, and more skepticism about your own ability to use it wisely, and those are both very useful attributes in a foundation executive, in my judgment; that is, both a reasonable skepticism and a real humility.

I remember a conversation with Edwin Embree which I think shocked him a little bit, and I said exactly what I meant. I said that I thought a foundation executive should be endlessly idealistic about ends and objectives, and increasingly skeptical about means.

I didn't say cynical, I said skeptical, and I think the more you are in foundation work, the more you realize that you have to have, as Frederick Keppel said, a conjunction of the stars to achieve the great things in philanthropy.

And by a conjunction of the stars, I mean you have to have the foundation's money plus the brains and the spirit and the courage of a good man or many good men, plus a timing which must be impeccably good. Incidentally, that is what you had in the Flexner report.

Mr. KEELE. I was going to ask if you would repeat here, because we have talked so much about the Flexner report, Simon Flexner's statement with reference to that Flexner report which you have told me.

Mr. DOLLARD. I think that was Mr. Josephs' story, Mr. Keele, and I am sorry that I can't remember the extraordinarily good figure that Simon Flexner—wasn't it a—?

Mr. KEELE. Concatenation of events.

Mr. DOLLARD. That's right. I think it means the same thing as conjunction of the stars.

Another thing that Embree hit us all on was what he called scatteration. His argument was that, in the main, only your big grants are important.

As I read that piece of Edwin Embree's, I remembered what our total investment in the Flexner study was. It was a little less than \$10,000. Now the very study which is remembered as the great, bold, imaginative study that had maximum leverage was accomplished by one of the scatteration grants, one of the small grants.

The same thing could be said of insulin. I don't know whether you know the history of the development of that drug. It was developed at Toronto by a doctor named Banting. Our investment in that was \$9,000.

Now we were not the only foundation to invest nor were we the first one, but out of that \$9,000 plus some other foundation money came a specific for diabetes, the difference between diabetics living and dying, literally.

One thing you learn, Mr. Keele, after you have been in the foundation business for a while, is that there is no relationship between the size of a grant and its value. The real relationship is between your judgment in picking the right people, the right institution, and the right time to do what you are trying to do.

Mr. KEELE. Well, scatteration giving has been criticized from the time of Frederick Gates on, has it not?

Mr. DOLLARD. Indeed it has.

Mr. KEELE. He is the first of whom I have read anyway who made comment on that. An analysis of your grants indicates that in 1939 out of 341 grants made, 156 of them were for less than \$5,000. That percentage, rough percentage, has been followed to some extent.

In 1940 out of 218, 90 were under \$5,000. And in 1941 out of 221, 103 were under \$5,000.

If we come down—I could go through it by years, but if we come down—to the more recent years, in 1951 out of 178, there were only 31 under \$5,000. The preceding year of 1950 out of 167 there were only 24 under \$5,000. For '49 out of 160 only 26, and out of 148 in 1948, only 23, so that the percentage is smaller.

I wondered if you would comment on the fact that percentagewise your gifts under \$5,000 in recent years have been much smaller than in the earlier years.

Mr. DOLLARD. I would be glad to comment, Mr. Counsel. There are two facts to consider.

One is a deliberate attempt on our part to reduce the number of small grants, because having disposed of Edwin Embree's argument, I want to admit that there is some merit in it, that you can get scatteritis, and dissipate not only your funds but your energies. We deliberately tried to reduce the number of small grants.

The other thing I would have to say is in those earlier years which you analyzed, we were carrying on a program, one of our more interesting programs, of distributing sets of records and phonographs to colleges to increase interest in good music, and sets of paintings, reproductions, sketches, etchings, and what not, to form a good nucleus for the teaching of courses of fine arts, which were almost neglected prior to Frederick Keppel's time. So, of however many small grants there were in those earlier years, at least two-thirds of

them were accounted for by the fact that we gave art or music sets to certain schools.

Now, the way to look at this program in my judgment is not as 50 small grants to as many institutions, but as a total program which in fact ran to over \$1,000,000 over a period of years. The program was conceived as a unit.

Mr. FORAND. Right there I would like to ask Mr. Dollard relative to these small grants, are all of those made through institutions or made to individuals?

Mr. DOLLARD. Well, we have done it both ways, Mr. Forand. As a matter of fact my first job in the corporation was to handle a program of grants to individuals, which I did from 1938 to 1942. It was not as far as we were concerned a successful program.

If you are going to make grants to individuals, you have, in my judgment, to staff up to a much greater extent than if you are making institutional grants, because though it may sound absurd, it takes more careful study, more careful investigation to make a grant of \$5,000 to one individual than it does to give a grant of a half million to a well-established university, because in one case you have got to get all of your facts yourself, in the other case the facts are very readily available, and indeed, you will start with a good deal of knowledge about the institution.

Mr. FORAND. And do you follow through to see to it that the money that is allocated for a given project is used for that project?

Mr. DOLLARD. Indeed we do. We get annual reports on all our grants. I think I spend more time with the people who have gotten grants from us than I do with people who expect grants.

That wouldn't be true of all my colleagues. For many of them it would be the reverse. This would be true whether I wanted it this way or not, because when you give a grant to an institution or to a professor or a department, in a sense you go in partnership with them in the sense that they expect you, as long as the work runs, to be concerned about what they are doing, and indeed you should be. I would say two-thirds of my callers are people who already have grants.

Mr. FORAND. Have you found instances where the funds were dissipated for something other than for the particular project that they were intended?

Mr. DOLLARD. I wouldn't say—yes, we have had some instances of that kind, Mr. Forand, not very many. We found other instances in which the promise we saw when we made the grant wasn't fulfilled, frankly.

Mr. FORAND. And how do you handle cases of that type?

Mr. DOLLARD. You just don't renew the grant. If you have evidence that they are not using the money for the purpose you gave it to them, you take it back.

Mr. FORAND. If you can.

Mr. DOLLARD. I think if your evidence was clear, Mr. Forand, you could do it.

Mr. FORAND. You think you can do it?

Mr. DOLLARD. Yes, I think you could.

Mr. FORAND. Thank you.

Mr. DOLLARD. I am not giving you a legal opinion, Mr. Forand, because I am not a lawyer, but I am giving you a reflective opinion.

Mr. FORAND. Well, I am not a lawyer either, although I have been writing laws for 30 years.

Mr. KEELE. I note too in an analysis of your grants, Mr. Dollard, that whereas in the years 1939 to 1947, both inclusive, there was only one grant over \$500,000, that for the years '48 to '51, both inclusive, there have been at least and in some instances two grants per year of over half a million dollars, though none of them over a million.

Mr. DOLLARD. Again I would say that is quite deliberate, Mr. Counsel. We have been looking for larger programs, ones which would have more depth, more impact.

There is also a fortuitous element in that. Often you will work on a program for a long time before you see the opportunity to make the grant, and if you would give me a minute I would give you an illustration of that. It is the Midwest Deposit Library at Chicago.

Let me say briefly what this is. Every library has a problem of what to do with its duplicates, with its serials, say, the statutes of the 48 States, things that may be needed once every 5 years but when you do need them, a scholar feels very badly if he doesn't have access to them.

Well, many years ago the librarians came up with the idea that libraries which were in a given area might join forces to solve this problem by creating a central deposit library to which they would ship their duplicates, their serials, their little-used books.

This is an idea that has always interested us, and for a very simple reason. One university whose budget I have studied recently, Harvard University, spends \$1,000,000 a year on its library. Now that is more than the budget of some colleges, \$1,000,000 a year. So we have been interested for years in the concept of the deposit library.

As a matter of fact, the first entry in our file on this is on a conversation that took place in Grand Central Station between Robert Hutchins and my predecessor and teacher, Frederick Keppel. Mr. Keppel was a great hand to make brief notations, and the record simply says, "Hutchins thinks he can start a deposit library. I told him if he could, to count on me."

It was a typical Keppel memorandum. Eighteen years later, 1947, Bob Hutchins called me one day and said, "I think we can get the Midwest Deposit Library Corp. off the ground but," he said, "it will take three-quarters of a million dollars." So I said, "Come ahead."

And after a very brief negotiation, we made the grant. Incidentally, in that particular case we decided that he had underestimated what it would cost, and one of the other foundations came in with us on it and made a grant of an additional quarter of a million.

Now the library has been built. Chicago, to prove its interest in the thing, gave land on the Midway free for the building. We stipulated that we wouldn't give our money unless they got at least 10 members. Before they came to us they had 13, and they now have, I think, 15 members including all the leading universities in the Midwest.

The building is built, the library is operating, and I think it may very well set a pattern for how to reduce library expenditures in other parts of the country.

Incidentally, this is the sort of thing you do once to establish the principle, but you don't do it again, because if the idea is good, somebody else ought to pick it up and run with it.

Mr. KEELE. To what extent would these grants that have been made, the work that has been done by the Carnegie Corp. and the other Carnegie institutions, be done by the Government, and with what hope of success?

Mr. DOLLARD. I don't think most of the things we do could be done by Government, but I must say I would have to defer to the judgment of the members of the committee here because they know a lot more about what Government can do than I do.

I think they could not be done. There is a factor of timing, of flexibility that you get with private funds that is very hard to get with Government funds. There is an element of risk taking in every foundation operation that is not exactly compatible with the system of appropriating Government funds and accounting for them.

There is also an ability to work with whatever is the appropriate agency to get the job done. By that I mean if you see a chance to improve liberal education at Brown University, you don't have to wonder about what they will say about it in North Dakota, because these are private funds under the control of trustees, and they can be used wherever the job can best be done.

So my answer would be, Mr. Counsel, that most of the things which are done by foundations, including, by the way, the Flexner report, could not be done by Government funds. You wouldn't dare do them.

Mr. GOODWIN. Well, in other words, is it a fair statement to say that it is this element of risk which determines the fact that foundations can do so many things which Government could not possibly undertake?

Mr. DOLLARD. I think that is exactly true, Mr. Goodwin, exactly true.

Mr. KEELE. Now you have talked of reports and the reports which you file, Mr. Dollard. Those reports are made yearly, aren't they?

Mr. DOLLARD. That is right, sir. As I said to Mr. Forand, we are under way now with a quarterly report which will be issued beginning in January, for the very reason he noted, that we don't now give enough information about what we are doing.

Mr. KEELE. And those reports show your balance sheets?

Mr. DOLLARD. They do, indeed.

Mr. KEELE. They show the grants that have been made during the year?

Mr. DOLLARD. In detail.

Mr. KEELE. They show the number of proposals that have been considered?

Mr. DOLLARD. They do, indeed.

Mr. KEELE. Together with the number of proposals accepted and acted upon and those rejected?

Mr. DOLLARD. Exactly.

Mr. Counsel, I wonder if the committee has ever seen these reports. I offer them because I have noticed in the record, Mr. Forand, a great many references to reports, but I can't find that anybody has produced one, and I thought perhaps the gentlemen on the committee would like to see what a report looked like.

This is a typical report. It is the last annual report we issued. Incidentally, to increase the readership of it, we issue it in two forms. We issue it with a soft cover on it, a white cover—I don't have a copy

here, but it looks like this—and this shorter report includes only the report of the president and the director of the British Dominions and Colonies Fund, because we think that a lot of people who will not go through an 80-page report or a 90-page report might read a 30-page report.

But the report which you have in your hands is distributed to all libraries. We print about 6,000 copies of it. We are working constantly to build up our mailing list. Anybody who comes to our office for any purpose automatically goes on our mailing list. Anyone who expresses any interest in our work goes on our mailing list, and every public library of any consequence in the country is on our mailing list.

This, by the way, would be equally true of the Rockefeller Foundation, the Guggenheim Fund, or any of the well-organized foundations.

Mr. KEELE. That report lists your officers, your directors, a statement from the president or a report as to what has been done and what is intended, in addition to the material that we have already talked about; doesn't it?

Mr. DOLLARD. That's right, sir. It even includes some philosophic reflections from the president, which may or may not be useful, but are usually included.

I may say about this report that as a matter of custom, though not a matter of rule, the president distributes it to all the trustees, either in mimeographed form or in galley proof, and invites their criticisms. So, before the report is printed, it has been read by every trustee of the corporation.

Mr. KEELE. You also list your securities in your portfolio in detail?

Mr. DOLLARD. Indeed we do, in detail. May I say one word about the portfolio, Mr. Counsel.

We have two self-denying ordinances which are not required by law. They just seem to us to be consistent with what I think is known as the doctrine of the prudent man. We will not put more than 5 percent of our total investment in common stocks into any one business corporation or stock. Conversely, we will not hold in our portfolio more than 1 percent of the stock of any single business corporation. The reason for those policies, I should think, were obvious.

Mr. KEELE. You also list your administration expenses?

Mr. DOLLARD. We do.

Mr. KEELE. With a breakdown?

Mr. DOLLARD. In detail. That budget, by the way, the administrative budget, is traditionally presented to the executive committee in September. Our fiscal year is October 1 to September 30. The administrative budget is submitted to the executive committee in detail in September, and approved by the committee.

Mr. KEELE. Now, the preparing and publishing of this report costs considerable money; doesn't it?

Mr. DOLLARD. I would guess—I haven't looked at our printing bills recently—it probably costs \$6,000 to print it and another \$1,000 to distribute it. In staff time, the expense would be hard to estimate, but I would think \$5,000.

Mr. KEELE. Why do you do it?

Mr. DOLLARD. Well, this goes back to the exchange I had with either Mr. O'Toole or Mr. Forand. We feel that we are operating

a public trust, and that our stockholders are the American people who granted us the tax exemption, and that they have a right, as we have a duty, to know and to explain everything we are doing in the most complete possible fashion. Incidentally, we have been doing this since the corporation first had a full-time president, which is in the 1920's.

Mr. KEELE. You consider it, I take it, good practice; and would you consider it to be good practice on the part of all foundations?

Mr. DOLLARD. I would indeed, sir, and we so urged upon the Treasury people in 1950, when the 1950 act was being amended, that there be specific provision to require full publicity on all foundation operations. That seems to me to be of the very essence of good foundation operation.

Mr. FORAND. The committee will now recess until 1:30.

(Whereupon, at 12:15 p. m., the select committee recessed to reconvene at 1:30 p. m. of the same day.)

#### AFTERNOON SESSION

Mr. FORAND. The committee will be in order.

Mr. KEELE. Will you resume the stand, Mr. Dollard.

#### STATEMENT OF CHARLES DOLLARD—Resumed

Mr. DOLLARD. Yes, sir.

Mr. KEELE. Mr. Dollard, do you know of any instance where the Carnegie Corp. has contributed to any project which it knew or believed or had good reason to believe would tend to weaken or undermine the American way of life, if we may call it that—the capitalistic system or what is known as the traditional American way of life?

Mr. DOLLARD. Mr. Counsel, the answer to that question is a very definite "No." I should like to add that I can't conceive either of our officers recommending a grant of that nature or of our trustees approving it.

Mr. KEELE. Have you ever known such a proposal to be seriously considered by your board of trustees or by your staff?

Mr. DOLLARD. No, sir; I have not.

Mr. FORAND. Has any been advanced by anyone?

Mr. DOLLARD. I can't remember any, Mr. Forand. Did you say by anyone in our organization?

Mr. FORAND. To anyone in your organization.

Mr. DOLLARD. Not that I recollect. If I may speak for a moment at that point, we have done quite a few things, I would say, on the other side of the ledger, if I may mention just one by way of illustration which is fresh in my mind.

The National Planning Association, which I think you may know is an organization which represents labor, business, Government, and industry, has its headquarters here in Washington. They came to us last spring with what we thought was a very interesting proposal.

They said that American business has had a long history of operation in foreign areas; that is, for a great many years American corporations had been operating overseas. Wouldn't it be useful at this stage of our history to make a study of the experience of some of the larger corporations in their oversea operations; to determine to



what extent and in what fashion those operations have affected the countries in which they are carried on, to what extent has the example of good private enterprise in a country where such private enterprise was little known, served to encourage private enterprise in those areas.

This seemed to us a very lively idea, and we made a grant last spring, not a large grant but as much as we were requested to make, for the purpose of carrying on a study of six different companies in overseas areas.

Those studies will be published, I believe, sometime within the current year, and we hope they will be useful. Certainly the end results will tend to, I think, underline the confidence of Americans generally in the private-enterprise system.

Mr. KEELE. Do you know of your own knowledge, gained from your work with the foundations, of any foundation which has made a grant or assisted financially in sponsoring any project which, on balance, would appear to undermine or weaken the American system of life?

Mr. DOLLARD. No, Mr. Counsel; I do not. Again, I must say that my knowledge of foundations relates particularly to the large organized foundations.

I don't know much about what the family foundations are doing or the corporate foundations are doing, but the answer to your question as regards the large professionally staffed, well-organized foundations would be a very definite "No."

Mr. KEELE. What percentage of your expenditures are made on overseas projects, and will you tell us how you happened to make those overseas projects?

Mr. DOLLARD. Yes. In our case that is fixed, Mr. Counsel, by Mr. Carnegie's own letter of gift to us which has later been approved and clarified by the New York State Legislature.

We are permitted to spend the income of \$12 million of our total capital, which would be a little more than 5 percent of our annual income. This comes to somewhat over \$400,000 to be spent in the British Dominions and Colonies. Mr. Carnegie's instructions on that point were quite specific.

It does not include the United Kingdom, in which he established other trusts which are directed by boards in that area. It applies only to the four old Dominions—Australia, New Zealand, Canada, South Africa—and to the Colonies of the British Commonwealth, and now of course to India, Pakistan, and Ceylon, which were admitted into the Commonwealth in more recent years.

In point of fact, we are not now operating in India, Pakistan, and Ceylon. This is not a matter of permanent policy decision. We just are not ready to start any operations in those Dominions.

Now, as to what we do in the other Dominions and Colonies, a large proportion of the money which we are allowed to spend in these areas, I should say on the average about half, is spent for what we call visitors' grants, to bring people from those areas to this country for periods of study and travel, on the general theory that this will improve relations between the United States and the Dominions, and, more specifically, that it will inure to the benefit of the Dominions themselves, because in many fields, in many fields of higher education especially, I think it is fair to say that we are substantially ahead of most of the British Dominions.

This would not be true of Canada, but it would be true of Australia, New Zealand, and South Africa. So, I would say at least half of our spending in those areas is for visitors' grants. The balance goes for much the same thing for which we apply our income in this country—for development of libraries, for research, chiefly to the universities.

Mr. KEELE. Mr. Dollard, in your view, what is the comparative need for foundations as of the time when Rockefeller and Carnegie philanthropies were established, back in the first 10 or 15 years of this century, and the present time?

Mr. DOLLARD. Now, Mr. Counsel, I must confess at this point a professional bias. As a career man in philanthrop, I think foundations are more necessary than ever.

I think there are more things to be done; and I think, especially as Government spending and industrial spending in some of the fields in which we pioneered increases, the need for foundation money to pioneer, to pave the way, to set the example to provide risk capital, I think, is more necessary than it ever was, and I would hope foundations would continue to be formed and continue to grow.

Mr. KEELE. I may have missed part of your answer there, but did you state why; and, if you did not state why the need is greater, would you tell us why?

Mr. DOLLARD. Yes, Mr. Counsel. What I said—and perhaps I did not make it clear enough—was that as Government spending and industrial spending in fields which were originally pioneered by the foundations increases—I mean public health, social work, et cetera—as the volume of such money from other sources increases and the cost of these programs increases, it seems to me more important than ever to have some private money, foundation money, which will set the pattern, provide good examples, do what foundations have always done, which is to try to create models for other spending. I think your risk money becomes more important at this time.

Mr. FORAND. Mr. Dollard, I understood you to say a few moments ago that, of the money allocated to these Dominions and Colonies, a part of it is spent to bring people to this country for study and travel.

Mr. DOLLARD. That's right, sir.

Mr. FORAND. How do you select those people that are to be given that?

Mr. DOLLARD. We assume the responsibility for their selection ourselves, Mr. Forand, and this is a matter we have debated. There is no year in which we do not have one man at least from our office in the Dominions to keep abreast of what is happening there.

We have in each Dominion I suppose at the very least a hundred men who have been over here before; so that we know them quite well. We usually know personally the heads of all the universities in all the Dominions. Very often they have been over here as our visitors; so we feel quite competent to select good people to come over.

Mr. FORAND. Do you select them from any particular category, such as students, businessmen?

Mr. DOLLARD. We tend, Mr. Forand, not to bring students, and this is for a reason which grows out of experience.

If a foundation is dealing with what we might call loosely a less-advantaged area than the United States, one in which standards of living are not as high, academic salaries are not as high, you run a real hazard in bringing over the very young people, because you tend, as we say, to export brains. When you bring these young people

over here, they are much attracted by this country. If they are very able, they find job opportunities superior to those at home, and the net result is that they don't go back.

We feel an obligation to watch that very closely; so, we tend to bring mature people from the universities, occasionally from business—by the way, from Government occasionally—from research institutions, mature people who we think are on the threshold of much greater responsibilities.

Now, when you say "How do you know they are on the threshold," that is a hard question to answer, and I could only appeal to the record, as we look back we have been pretty good at guessing who was on the threshold.

Mr. FORAND. Thank you. You may resume, Mr. Keele.

Mr. KEELE. Mr. Dollard, I think you know that there has been a great deal of criticism, whether just or unjust, leveled at the foundations on the charge that they have supported projects or persons who were unsympathetic to the American way of life and who were attempting to undermine or weaken what we call the traditional American way of life.

Would you tell us your opinion of how or why that criticism exists; not the basis perhaps but the reason why that criticism is leveled at the foundations, if you know or have an opinion?

Mr. DOLLARD. I have an opinion, Mr. Counsel. I don't know whether it is the right one or not. It goes back again to the question that Mr. Forand asked this morning and I tried to answer.

I think we have probably done an inadequate job in telling the public what we are trying to do and what we do. The nature of human beings being what it is, everyone is curious about what you are doing in a foundation, and if you don't do a good job of telling them, somebody will invent something to tell them, and I think a good bit of the kind of accusation that you mention arises out of misinformation.

Mr. KEELE. I would like to revert to the questionnaire and the answers that were made by your organization to them, Mr. Dollard. Let's turn to section D.

Mr. DOLLARD. Yes, sir.

Mr. KEELE. In that section—and if you wish in making answer to this you may revert yourself to the answers given in the questionnaire—under question D-2 you were asked whether you made any attempt to determine whether the immediate or eventual recipient—whether an individual, group of individuals, association, institution, or organization—of any grant, gift, loan, contribution, or expenditure made by your organization has been or is "subversive" as you defined that term in answer to question 1, in advance of and/or after making such grant, gift, loan, contribution, or expenditure.

Will you answer that question either by reference or on your own statement?

Mr. DOLLARD. Mr. Counsel, I think I won't encumber the record with the exact answer that we made here. The gist of our answer was that we have always had the policy of making a very careful examination of either individuals or organizations who were to receive our grants.

Such an examination includes a determination of the general character of the organization or the individual, his or its history, stand-

ing in the community, standing among other scholars, if it happens to be a scholar.

These examinations are rather thorough ones on the whole. I think it was Mr. Hoffman who, in his testimony here, spoke of the degree to which one can find out relevant things and important things about individuals or organizations if you have the proper network of communication. We have had 40 years to build up such a network, and I think we have pretty good sources of judgment and information about all the people to whom we make grants. That isn't to say that we don't make mistakes.

Mr. KEELE. But you do feel that the experience you have gained, the knowledge you have of organizations and persons, and so forth, does afford you adequate protection, I take it?

Mr. DOLLARD. Yes, I do.

Mr. KEELE. Against making grants to individuals or organizations which might be used for subversive purposes?

Mr. DOLLARD. Yes, I do.

Mr. KEELE. And I think you were asked in that questionnaire whether your organization checked immediate, intermediary or eventual recipients of grants, gifts, loans, or contributions from your organization against the list of subversive and related organizations prepared by the Attorney General of the United States, and I believe you made answer that it did do that?

Mr. DOLLARD. That's right.

Mr. KEELE. And have done it since such time as the list was made public.

Mr. DOLLARD. That's right, sir.

May I say, by the way, why I am familiar with this list and why some of my colleagues are. It may be relevant.

Every time one is cleared for any classified work with the Government or secret work—this will be no news to the men who know the FBI—every time one is cleared one is required to sign a statement that one has never been a member of any of the organizations on the Attorney General's list. Well, I have been cleared, I think, four or five times since the war and I think it is fair to say that this is not because I am a suspicious character but because Washington is a slightly suspicious town.

No Government agency will take a clearance from any other Government agency, so you may be white as the driven snow in the eyes of the Army, but if you are going to consult with the Air Force, they start all over to clear you. So I have been cleared frequently enough so that I know that list pretty well, and that goes for my two senior colleagues on the staff.

Mr. KEELE. You were further asked Question D-10:

Has your organization made any grants, gifts, loans, contributions, or expenditures either directly or indirectly through other organizations to any organization so listed by the Attorney General of the United States or to any individual, individuals, or organizations considered "subversive" as you have defined that term in answer to question 1?

You were then asked if so, to name and enumerate them. Now, without my wishing to quote what you have put in the answer, I suggest that we would like to have your comments on that, and if you choose, you may read from the answer you filed.

Mr. DOLLARD. Mr. Counsel, our answer was that we had never made any such grants to any organization after it had been listed or to any person after they had been listed by the Attorney General.

We went on to say that we had in checking our records, discovered that we had made such grants in one or two instances or, let me say, in a few instances to organizations which long afterward appeared on the Attorney General's list.

Mr. KEELE. And among those was Commonwealth College?

Mr. DOLLARD. That's right, sir, and the American-Russian Institute.

Mr. KEELE. And the grants in the case of the Commonwealth College were approximately \$5,000 in '31-'32, and \$4,500 to the American-Russian Institute in '37; is that correct?

Mr. DOLLARD. My recollection is that the Attorney General's list which you are referring to was published in '47; is that right?

Mr. KEELE. Yes, sir, 1947.

Mr. DOLLARD. The so-called Biddle list. So in the case of the Commonwealth College the grant was made 15 years before the list was published. In the case of the American-Russian Institute, about 10 years.

Mr. KEELE. And as to individuals, you cite the following instances: Prior to World War II, Carnegie Corp. financed a study of the Negro in America which resulted in the publication of *An American Dilemma*, by Gunnar Myrdal. To assist in the study some 150 people, representing many diverse points of view, were temporarily employed by Myrdal. One of them was Doxey A. Wilkerson, who was paid a salary of \$13,000 for a period beginning August 1, 1939. Wilkerson retained Bernhard Stern to assist him, and he was paid a salary of \$600 for a period of 3 months, beginning March 1, 1940.

As the study progressed the extreme bias of Wilkerson and Stern became apparent. They produced nothing of which use could be made and their employment was discontinued.

That was the extent of your answer with reference to that question, Mr. Dollard.

Mr. DOLLARD. That's right, sir, and that is about the whole story, I think. I think we did point out, Mr. Counsel, with reference to the two institutional grants, the Commonwealth College and the American-Russian Institute, that the total grants made from 1931 until 1952 by the corporation to institutions was 1,725.

Mr. KEELE. And that only two of those grants, or rather, the institutions to which you made grants, were listed subsequently?

Mr. DOLLARD. That's right.

Mr. KEELE. And then you were asked in D-14 and 15 whether your organization had made any grants—and I will compress the language here somewhat—to any organization, institution, or individual or group which had been criticized or cited by the Un-American Activities Committee of the House of Representatives, and you replied that a few recipients of grants had been so criticized, and you cited and then listed those, did you not?

Mr. DOLLARD. Yes, we did. We noted, I think, Mr. Counsel, that in each case the citation of criticism occurred after the grant.

Mr. KEELE. Would you like to review those if you have the report before you? I think the committee would like to have you do that.

Mr. DOLLARD. Yes, I would be quite happy to. The first two we have already mentioned, the American-Russian Institute and the Com-

monwealth College, we have just discussed. The third was the Institute of Pacific Relations to which we made a series of grants between 1933 and 1947, and then there were some individuals. I don't know whether you want these.

Mr. KEELE. Yes, I would like to run through those if we may.

Mr. DOLLARD. All right. The first was Louis Adamic, who received two grants of \$5,000 each in 1939 and 1940, and who received an additional \$5,000 from a grant which we made to the Common Council for American Unity. Do you want me to say anything about Adamic?

Mr. KEELE. Yes, I think you ought to explain those grants fully, that is, anything you have to say about them we should like to hear.

Mr. DOLLARD. I should say at the time we made those grants to Adamic he was generally thought of as a very good citizen.

He was a foreign-born American, born as I remember in Yugoslavia, a self-educated man, a man of a kind of a—I am speaking now from my recollection because I knew Adamic—a man of great ability and a really passionate devotion both to America and to his own Yugoslavia.

I think with the beginning of the war—Adamic is now dead, by the way, so I shall be guided by the rule that one does not speak ill of the dead, and indeed I have nothing ill to say of him. I think during the war Adamic became more and more concerned, as a Yugoslav, for the fate of his own country, and gradually passed from being a very good sensitive author to being a rather—I don't know just how to put this—passionate Yugoslav, really. He became very emotional about what was happening in Yugoslavia.

We made no grant to him after 1942, and I may say it was not unrelated to what I have just said. In my last conversation with Adamic, which was immediately preceding the war, I sensed I think something of what had happened to him as a person. He had gone from a sensitive, imaginative, and extraordinarily competent writer over into a pretty superficial political journalist. So we made him no more grants.

I should like the record to show that I am not expressing any judgment on Louis Adamic, because when I knew him he was a good man, a very good man.

Mr. KEELE. The question you were asked was merely this: To list those recipients of grants who had been cited or criticized by the House Un-American Activities Committee.

Mr. DOLLARD. Exactly.

Mr. KEELE. You were not asked to determine whether they were Communists at that time, and I assume your answers are not directed to a determination of that question.

Mr. DOLLARD. That is correct, sir, and I thank you for clearing the record on that.

Mr. KEELE. Now you also list a grant to Wittfogel.

Mr. DOLLARD. Yes, that is or was Mrs. Olga Lang Wittfogel, and I am sorry I can't tell you too much about the circumstances of that grant because I don't remember too much about it.

She was doing a long-term study on the Chinese family and at the time, as I mentioned earlier to Mr. Forand, we had a program of grants-in-aid to individuals, and we made her a small grant for this study.

Mr. KEELE. And that was in 1940?

Mr. DOLLARD. That's right, sir.

Mr. FORAND. What was the purpose of that again?

Mr. DOLLARD. She was doing a study of the Chinese family, that is as a social structure. As a matter of fact my recollection is that this study has been published since, Mr. Forand.

I am a still-born sociologist so I used to be interested in these things, and I think I read that study some years ago, but I couldn't be positive.

The third was W. E. B. DuBois, I think, Mr. Counsel, who received two grants of \$1,000 each, one in 1934 and one in 1940, both for books about the Negro which he was working on at that time. W. E. B. DuBois, of course, was one of the first of the Negro sociologists. I think his first work was published in 1896, and he has in his time done some very distinguished work. The next was Philip Evergood who is an artist, now a very successful one, I believe, to whom we gave two grants of \$1,200 apiece, and that was in the course of a rather interesting program in which we were trying to introduce resident artists into the colleges.

We had the feeling that art teaching might be more creative and lively and perhaps successful if it were done by people who were themselves artists, and we made grants to perhaps a dozen colleges to enable them to employ resident artists.

The next one was Alfred Kreyborg, who is a scholar and an author. That grant was made to him to write a survey of poetic drama, which he did write and published, and a further grant for his autobiography, which he also wrote and published.

Mr. KEELE. Those were made in 1940 and '41?

Mr. DOLLARD. That's right, sir.

Mr. KEELE. Now let's run down through the names, if we may.

Mr. FORAND. That list of individuals that you are referring to now are some that have been cited by the Committee on Un-American Activities; is that it?

Mr. KEELE. That's right.

Mr. DOLLARD. The question was, cited or criticized by the committee; is that right?

Mr. KEELE. That's right. That was the question, and we do have the citations from the House Un-American Activities Committee with reference to those.

Mr. DOLLARD. I may say, Mr. Counsel, as you know it is hard to find some of the reports of the House committee, I think everybody had a hard time tracking them down. I think we got all the relevant ones.

Mr. KEELE. I think you covered them in your own report, those that we could find. I think it is, I might say, a very fair statement on the part of the foundation as to all persons to whom they have made grants or organizations which are subject to suspicion either by reason of their citation by the House Un-American or by the McCarran subcommittee or any other duly recognized governmental agencies.

Mr. DOLLARD. It is as complete a list as we were able to make from all the documents we had.

Mr. KEELE. Let's go through the rest of those. There are only about eight of them, I think.

Mr. DOLLARD. All right, sir. There was John K. Fairbank to whom we made a grant for work in the Far East in 1950-51. That is an interesting case because Fairbank, who has a fine reputation as a scholar and as a professor of history at Harvard, was refused a visa, I think it was in the spring of 1951.

He was afterward subject to a very extensive examination by the McCarran committee and also by a loyalty committee that was set up, I think, especially for that purpose within the Department of Defense. He was cleared by both groups, cleared in the sense that they both approved his getting a visa, and he actually went to the Far East last summer. Meanwhile, this grant was just held in suspense. I mean the case was, in our judgment, sub judice, and the grant was held in suspense.

Lawrence Rosinger is a similar case. This was an area study fellowship which was made through the Social Science Research Council. Next is a very small grant to Dirk Bodde, which was made in 1939 for publication of a biography of a Chinese scholar. That grant was made through the American Council of Learned Societies.

Mr. KEELE. May we stop there a moment?

Mr. DOLLARD. Yes, sir.

Mr. KEELE. The grants to Fairbank and to Rosinger were made through the Social Science Research Council; is that correct?

Mr. DOLLARD. That's correct, sir, and they were part of a program of fellowships, which is a piece, and a very essential piece, of the area study program that I described this morning.

Mr. KEELE. When you say it was made through the Social Science Research Council, will you explain a little what you mean, when you say it was made through them?

Mr. DOLLARD. Yes, indeed. What we did in this case and have done in other cases is to give them a lump sum of money for the provision of fellowships for particular purposes to competent scholars. They in turn select the fellows who are to receive these grants, and of course they report their selections to us, but these selections are their own.

Mr. KEELE. The point I am trying to make in the case of Fairbank and Rosinger is that the Social Science Research Council designated them as the recipients of a portion of the grant you made to the Social Science Research Council.

Mr. DOLLARD. That is correct, sir.

Mr. KEELE. The same is true of Dirk Bodde, with reference to the American Council of Learned Societies?

Mr. DOLLARD. That is correct.

Mr. KEELE. They were not your selections, or the selections of the corporation?

Mr. DOLLARD. That is correct, sir.

Mr. KEELE. All right. Shall we move on, then, to the succeeding paragraph?

Mr. DOLLARD. Yes. The next one was two grants to Johns Hopkins University for the Walter Hines Page School of International Relations for work on Outer Mongolia under the direction of Owen Lattimore. The first of these was made in 1947, in the amount of \$12,000, and the second was made in 1949, in the amount of \$75,000.

Both of those grants, Mr. Counsel, were made to Johns Hopkins rather than to Mr. Lattimore directly.



Mr. FORAND. Did the Carnegie Corp. know that this money was for that purpose?

Mr. DOLLARD. Yes, sir.

Mr. KEELE. I would just follow through on that. Did you know that Lattimore was to supervise or run that project?

Mr. DOLLARD. Yes, sir.

Mr. KEELE. Right now, if I may break in there a moment, you stopped your contributions either directly or indirectly, to IPR in 1947, as I understand it.

Mr. DOLLARD. That is correct, sir.

Mr. KEELE. Will you tell us why.

Mr. DOLLARD. There was a complex of reasons, Mr. Counsel. This was the time when we were beginning our own area study programs. We made a series of grants for research and study on the same areas that the IPR had traditionally covered. And that was the result of a deliberate conclusion that area studies, if they were to have a long and sound growth, might better go forward in the universities than in an independent agency.

It is also true that we had always been conscious of the fact that when you are dealing with an independent research agency, you must be aware of the fact that it will wax and wane, that is, that it will have periods of great strength, and then it may have periods of less strength, and in our judgment the IPR in 1947 was not as strong as it had been at some times in the past.

It is also true that we were at that time deliberately reducing the number of operating agencies, or independent research agencies, to which we made grants. The list of agencies of that kind is apt to build up in a foundation's history and periodically, unless you want to lose your flexibility, which is really one of your great assets, you have to deliberately reduce your commitments or your grants to these agencies.

I must say finally, in all frankness, at least one of our trustees was disturbed by the rumors that the Communists had infiltrated the IPR.

Mr. KEELE. Was that, the apprehension of one of your trustees, brought to your attention and to the attention of the board?

Mr. DOLLARD. Indeed it was.

Mr. KEELE. And what was the action taken?

Mr. DOLLARD. This was in late 1946. In the first month of 1947, we made a terminal grant to the IPR.

Mr. KEELE. Just so that we may understand that perfectly, by a terminal grant you mean a final grant?

Mr. DOLLARD. Exactly.

Mr. KEELE. And no further grants were made?

Mr. DOLLARD. And we so notified them, that we did not intend to make any further grants.

Mr. KEELE. Did you advise them of your reasons?

Mr. DOLLARD. I do not recall that we did, Mr. Keele.

Mr. KEELE. Did they question you?

Mr. DOLLARD. I do not recall if they did. We did tell them, I am sure, that we were discontinuing support grants to a number of agencies, and it was perfectly obvious that we were also changing our sights in this matter of developing studies on foreign areas, because we had already made some grants to universities for that same purpose.

Mr. KEELE. Very well. There are some other grants here that I believe you have listed, I think three or four more. One was to the University of California, the Institute of Asiatic Studies, page 26 of your report.

Mr. DOLLARD. Yes. That was for a study on modern Japan. The total grant was \$31,400. The reason we put that in, Mr. Counsel, is that one of the persons participating in the study was cited or criticized by the McCarran committee. I do not think there could have been any fair criticism of the grant itself—

Mr. KEELE. It was only T. A. Bisson who was criticized; is that correct?

Mr. DOLLARD. That is right, sir.

Mr. KEELE. And the same is true of your grant to the University of Pennsylvania, for south Asian study?

Mr. DOLLARD. That is right, sir. One person in that group, as I remember it, was cited or criticized by the McCarran committee. Excuse me. Two.

Mr. KEELE. One was Daniel Thorner and the other was Chen Hanseng?

Mr. DOLLARD. That is correct, sir.

Mr. KEELE. Then with reference to your grant of \$3,000 on May 16, 1947, to the Survey Graphic, that was to publish a special issue of the Survey Graphic on race segregation?

Mr. DOLLARD. That is correct, sir. And the only reason that we put that in was that one of the 24 contributors was Carey McWilliams, who was cited, I think, by the McCarran Internal Security Subcommittee.

Mr. KEELE. So you are now citing and have listed in your report any grant to a group wherein anyone, even though he would be only a member of the staff of the university, has been cited?

Mr. DOLLARD. That is correct, sir.

Mr. KEELE. I think it remains to address ourselves to the two grants to the Public Affairs Committee, \$5,000 each, in October 1947 and October 1948, for support of a pamphlet series edited by Maxwell S. Stewart, who is the person who was cited.

Mr. DOLLARD. Yes, sir. I must say that since this question has come up, I have reread the pamphlets that were produced under that grant, and they look to me impeccably good. The only reason we put that in was that Mr. Stewart himself had been cited. My recollection is that he was not the author of the particular pamphlets that we supported.

Mr. KEELE. That leaves only one, the International Committee of the Young Men's Christian Association, which received a grant of \$10,000 in 1931 to support the work of Max Yergen, in Cape Province, South Africa.

Mr. DOLLARD. That is correct. And I am sorry that I cannot tell you very much about that one, because it was 8 years before I came to the corporation, and I think at least 15 years before Mr. Yergen was cited. At that time, as my recollection runs, he was, I think, a member of the staff of the YMCA. I think it probably never occurred to my predecessors that the YMCA would be infiltrated.

Mr. KEELE. And in answer to the question D-16, as to whether your organization consulted the guide of subversive organizations and publications, House Document No. 137, prepared by the House Com-

mittee on Un-American Activities, you said that you did, did you not?

Mr. DOLLARD. Yes; that is correct, sir.

Mr. KEELE. That you do consult it?

Mr. DOLLARD. We do. And I explained why I was rather familiar with the list.

Mr. KEELE. I wonder if we could have about a 5-minute recess.

Mr. FORAND. The committee will be in recess for 5 minutes.

(A short recess was taken.)

Mr. FORAND. The committee will come to order.

You may proceed, Mr. Keele.

Mr. KEELE. May we pursue a little further the question of the support of the IPR and your withdrawal of support in 1947. How closely, Mr. Dollard, was your corporation, Carnegie Corp., following the work of the IPR at that time? And when I say "that time," I am talking about the period immediately preceding 1947.

Mr. DOLLARD. I would say quite closely, Mr. Keele. Somebody in the office or somebody on the staff was usually reading most of the things they turned out. We were in reasonably close touch with their officers.

Mr. KEELE. Right now, one of the men who was closely identified with IPR at that time was Frederick Vanderbilt Field, was he not?

Mr. DOLLARD. Mr. Field was, as I recall it, the executive secretary of the American Council up to 1940.

Mr. KEELE. And perhaps you ought to say a word about the construction of IPR, just for the record here.

Mr. DOLLARD. Yes.

Mr. KEELE. You say the American Council?

Mr. DOLLARD. Yes. There are two councils of the Institute of Pacific Relations: One, the American Council, which, as its name implies, is a wholly American enterprise; the other, the Pacific Council, which is really a holding company for the top structure of all of the branches or divisions of the Institute of Pacific Relations in other countries.

Now, in fact, both the secretariats were located in this country, both the secretariat of the American Council and the Pacific Council, and my recollection is that they were both in New York.

Mr. KEELE. And Field was connected with the American Council?

Mr. DOLLARD. That is right, sir.

Mr. KEELE. Now, as early as 1941, Field was openly avowing his connections with the Communist Party, was he not?

Mr. DOLLARD. I could not date it that closely. I would say certainly at that time there were grave suspicions about his affiliations with the Communist Party. But I do not know the record quite that well.

Mr. KEELE. I think it has been well established that as early as December 1941 he published an article under his own name in the New Masses, which was an avowed Communist publication, and continued with numerous articles thereafter. And by 1944, he was the author of articles in the Daily Worker; further, during that period of time, I think it must be assumed that he was well known as a Communist worker. My question is this, whether or not, looking backward, you feel that your action in cutting off support in 1947 was taken as early as it should have been under those circumstances.

Mr. DOLLARD. Certainly looking backward with all that has been put in the record about Field now, I would say that we wish we had moved a little more quickly.

Mr. KEELE. You wish you had acted a little more quickly?

Mr. DOLLARD. I do want to repeat, though, Mr. Counsel, because I think it is relatively important, that Field's connection with the staff of the Institute of Pacific Relations ceased in 1940, and to the best of my knowledge and recollection was not reestablished. He did, however, continue on the executive committee, as I recall.

Mr. KEELE. That is right.

Do you know what it was specifically or generally that alerted one of your trustees to what he considered a dangerous situation in the IPR, or at least an unhappy one?

Mr. DOLLARD. There had been some charges made, as I recall, in 1945 or 1946, by Alfred Kohlberg, of New York, about the institute, and I assume that was the basis.

Mr. KEELE. Did you—and by “you” I mean, of course, the corporation—did you make any investigation of your own after Kohlberg's charges were made?

Mr. DOLLARD. We did not.

Mr. KEELE. Why not?

Mr. DOLLARD. In the light of what we now know, I would say, again, that we would be happier if we had.

Mr. KEELE. In other words, at the time you did not feel that there was sufficient justification for an independent investigation?

Mr. DOLLARD. That is correct, sir. I think if you look at the New York Times or the Tribune for that period, you would find some references to this as a proxy fight. That is, it was a rather technical argument as to whether or not Mr. Kohlberg would be allowed to circularize the membership of the Institute of Pacific Relations. My recollection is that there was even a court action on it.

Mr. KEELE. In other words, at the time you felt that there were factors entering into the charges which at least threw some doubt upon their validity; is that right?

Mr. DOLLARD. Yes. And I think even more than that, Mr. Counsel, we had a confidence, whether it was justified or not, in the Institute of Pacific Relations itself. Here was an organization which over the years had had the leadership and the close attention of some very first-rate men, and over that period we had come to have a good deal of confidence in the IPR.

Mr. FORAND. This man Kohlberg that you referred to, is that the man who is writing letters—we get letters practically every week from him—showing great sympathy for Nationalist China?

Mr. DOLLARD. I believe it is.

Mr. KEELE. Let me ask you this, Mr. Dollard. As a result of what you observed in the case of IPR, are you taking any greater steps to prevent a possible recurrence of a similar situation?

Mr. DOLLARD. Yes; we are, Mr. Counsel. We have come to the very deliberate decision that when you are dealing with an independent research agency—by “independent” I mean not a university or college—you must keep in closer touch with what they are doing than if you are dealing with a university, because in one case I think it is quite clear that the university trustees take their responsibilities exceedingly seriously. I am afraid it is true that some trustees of inde-

pendent agencies do not always take their responsibilities equally serious.

Mr. KEELE. Do you feel completely confident in making grants to universities that those working upon those grants are not themselves committed to the Communist line?

Mr. DOLLARD. I would say, Mr. Counsel, that in the grants we have ourselves made, I would have a good deal of confidence, and a good part of that confidence is in the men who run the universities, as well as the scholars who do the work, and I think that is a justified confidence, not only in terms of the integrity and reputation of these men themselves, but, if I may say so, in terms of my own acquaintance with them.

Mr. KEELE. All right. In other words, you work closely enough with the recipients of your grants to have independent knowledge of them; that is, you and the members of your staff and the members of your board? That is the way I understand your answer.

Mr. DOLLARD. That is quite true.

Mr. KEELE. So that you have a pretty accurate gage of the type of men you are dealing with?

Mr. DOLLARD. Exactly. And all human beings make mistakes in judging men. As far as I know, only dead men do not make mistakes. But I would say that we have considerable confidence.

Mr. KEELE. Would you say that we have pretty well covered what might be termed mistakes and what we have gone over here, if they are mistakes?

Mr. DOLLARD. I think so, if they are mistakes.

Mr. KEELE. Have you any further questions along this line?

Mr. FORAND. Mr. Goodwin.

Mr. GOODWIN. No questions.

Mr. FORAND. Proceed.

Mr. KEELE. There are one or two questions I would like to ask before we finish, Mr. Dollard. It is obvious from examining the answers to the questionnaires which the Carnegie Corp. has prepared, and other of the large foundations, that they expended a great deal of time and money.

We have had some misgivings, or the staff has had some misgivings, about the fact that the answers to the questionnaire which we prepared did require considerable expenditure of time and treasure, which might well have been devoted to the regular business of the foundations. We have never asked, up to this time, at least, this particular question of a witness. But I should be interested in knowing, frankly, what your opinion is as to the value of the work and cost that has gone into getting ready for this examination, either by way of preparing answers and the work connected therewith, or appearing and testifying.

Mr. DOLLARD. Mr. Counsel, let me first confirm what you say. We have spent a great deal of time on this. We were going back over a record that extends for 40 years, and we were very anxious that our answers were responsive, adequate, and wholly true to the record. One always laments anything that distracts from one's primary job. I may say, however, that this has been in many ways a very rewarding experience for us. It has enabled, and indeed required, the trustees and the officers to review together a great deal of our past history, and I think undoubtedly that will have its effect on some of our procedures in the future. It has also had a byproduct that I did not anticipate.

We have in our office about four men, very able men, who came to us after the war, and who were wholly unfamiliar with the tradition and the history of the corporation, and who had no notion of what Mr. Carnegie had in mind or what the corporation had done before they came.

This has been a very liberal education for these men.

So I would say in all frankness that I think this time has been very well invested. Time is the most precious thing we have in a foundation office, because you never catch up. But I think that this time has been very well invested.

Mr. KEELE. The possibility has been suggested to the staff by a very competent head of one of the large foundations, that an investigation of this kind might have the end result of driving the foundations, or tending to drive them, from the risk capital into what we have come to term here the blue chips.

And it was pointed out at that time by that man that if that happened, he felt that the efficiency and potency of foundations would be severely impaired.

I am wondering whether you feel that thus far in this investigation such a result has come about.

Mr. DOLLARD. Mr. Counsel, I feel quite the reverse. I think the whole tone of this investigation or inquiry has been such as to encourage the foundation to stick to the concept of risk capital and to be bold about what it is doing, and not to take unmeasured risks, but to continue to take calculated risks, which is just what we should do. I should say that the whole tone of this inquiry—and let me repeat, I have read every word of the testimony before this committee—I should say that the whole tone of the inquiry has been to support rather than to discourage the kind of behavior that I would like to see made characteristic of foundations.

Mr. KEELE. I am sure, Mr. Dollard, it has not been pleasant to recite what might be called, at least, mistakes or at least instances which are subject to suspicion, such as we have been going into here in the last hour. We are interested in knowing whether you feel that that has damaged or will tend to damage foundations, the fact that mistakes, if they are mistakes, are brought to light.

Mr. DOLLARD. I do not think so, Mr. Counsel. If I were outside a foundation and you tried to establish a record that no foundation ever made any mistakes, I would not believe it. I would not believe it for a minute. And I think the fact that you have asked us to disclose what may be mistakes in judgment will not have an ill effect on foundations at all. I do not think, if I may use a baseball analogy, that anybody expects a foundation to have a 1.000 batting average. The best batter in either league never got much above .400, as I remember, and I think that we have done a good deal better than that, and I think the record that this inquiry has disclosed on the part of American foundations is, on the whole, a proud record, and I do not think that the fact that we have made some mistakes is going to hurt us at all.

Now, let me say that this investigation might have been conducted in such fashion as to do us irreparable damage, but it has not been so conducted.

Mr. KEELE. I do not know whether Mr. Paul Hoffman put this on the record here, but what he said, at least, in numerous instances

was that we might well have concentrated on what he called the flyspecks.

Mr. DOLLARD. Exactly.

Mr. KEELE. To the exclusion of the larger picture. I believe that it was his statement, and I do not believe I am betraying a confidence in saying it, because it may be in the record, but he thought that there might be a danger in the committee, because by concentration on the so-called flyspecks, there would be distortions in the picture and a great damage to the foundations.

Mr. DOLLARD. I think that we have all felt that danger, and I think we have all been immensely reassured by the way the hearings have been conducted.

Mr. KEELE. I should like to say to you, as you probably well know, that we have met with no resentment and no opposition from any foundation in this area, and on the contrary, we have had what I consider complete cooperation, and you have contributed to that, as you well know.

Mr. DOLLARD. Thank you, sir.

Mr. KEELE. I have no further questions.

Mr. FORAND. We thank you very much for your contribution.

Mr. DOLLARD. Thank you, sir.

Mr. FORAND. Do you have another witness?

Mr. KEELE. Yes.

Mr. Leffingwell, will you take the stand, please?

**STATEMENT OF RUSSELL C. LEFFINGWELL, CHAIRMAN, BOARD OF TRUSTEES, CARNEGIE CORP. OF NEW YORK**

Mr. KEELE. Would you state your name, your residence, and your connection with the Carnegie Corp., Mr. Leffingwell?

Mr. LEFFINGWELL. My name is Russell C. Leffingwell. I live in New York City, where I was born, or in the suburbs. I am chairman of the board of trustees of the Carnegie Corp.

Mr. KEELE. How long have you served in that capacity, Mr. Leffingwell?

Mr. LEFFINGWELL. As trustee, 29 years.

Mr. KEELE. And were you a trustee at any time before you became chairman?

Mr. LEFFINGWELL. Oh, yes, sir. I was a trustee for many years before I became chairman, and my predecessor as chairman was Nicholas Murray Butler. His predecessor as chairman was Senator Elihu Root. So you see, I am occupying a chair much too big for me.

Mr. KEELE. We would doubt that, knowing something of your abilities. But, Mr. Leffingwell, what other businesses or business have you been in?

Mr. LEFFINGWELL. I am a lawyer and a banker. I went to Yale College, Columbia Law School, and graduated from both, and I got my law degree in 1902, and went immediately to work with Guthrie, Cravath & Henderson. In 1907 I became a partner in that firm, under a changed name, and I continued a partner until 1917, when I was summoned to Washington by an old friend and neighbor, Secretary McAdoo, and ordered to work for the Treasury. I retired from my law firm. I became Fiscal Assistant Secretary of the Treasury. There was no Under Secretary in those days.

I continued in the Treasury until July 1920, when I returned to the practice of the law to my old firm. The name was changed so as to put my name in it. I continued to practice law for 3 years, that is, until July 1923, when I became a partner in J. P. Morgan & Co.; and when the firm of J. P. Morgan & Co. was liquidated in 1940 and the corporation of J. P. Morgan & Co. was incorporated as a trust company under the laws of New York, I became a director and an officer of the corporation, and I continued to be so. I am now vice chairman of the board.

Mr. KEELE. Have you served on the board of directors of any business corporations other than J. P. Morgan?

Mr. LEFFINGWELL. I have, but not for a good many years. In the first place, I never enjoyed having too many activities at one time, and I was slow to accept directorships, and then I had an illness 15 years ago, and following that I withdrew from all my business boards.

Mr. KEELE. Would you tell us what, in your opinion, are the comparative differences, in size, at least, of the duties of a director of a business corporation as compared with a trustee of a foundation, in making decisions?

Mr. LEFFINGWELL. I do not know whether you are referring to that old aphorism that it is a lot easier to earn \$1,000,000 honestly than it is to give away the money constructively.

Mr. KEELE. We are in that category, really, I should say.

Mr. LEFFINGWELL. Let me take that as a starting point, and say that I do not think that there is anything to it. As far as my experience goes, it is extraordinarily difficult to make \$1,000,000 honestly or otherwise. I am sure that it is the experience of most of 150,000,000 other Americans that it is extraordinarily difficult to make \$1,000,000 any way. I make a point of that because I think it is a mistake. The aphorism suggests undue difficulty about giving away money constructively. I have observed closely the work of the Carnegie Corp. for 29 years, and I have known about the work of several other great foundations, and I think they have done an extraordinarily constructive thing. They are not magicians. So I do not think that it is so difficult. I think that it is hard. It means a lot of hard work. But I never knew anything in this world worth while that did not mean a lot of hard work.

I find it difficult to conclude there is any real truth either in the statement that it is at all easy to make \$1,000,000 or in the statement that it is so terribly difficult to give it away.

Mr. Carnegie was a man of genius, truly, and in my mind, to him this country owes a great deal, because he was surely the first man of great wealth to have so magnificent a conception of constructive philanthropy. Here was a boy who came over before the Civil War, all by himself, a little boy from Dunfermline, put on the boat by his weeping mother with a pittance to make the trip, in days when it took many weeks to get from Dunfermline to Pittsburgh by slow ship, up the Hudson River, out the Erie Canal, down the Ohio, weeks to Pittsburgh, where he arrived ultimately and went to work as a messenger boy. And by his genius he recreated America and created the modern steel industry; and then, having made a great fortune, said: "Well, it is wonderful to make a great fortune and make a great industry. Now let me see how I can give the money away."



While still in the prime of life, he conceived this great series of grants for constructive purposes. He was unusually successful in his leaders, and set a pattern of which I think America may be proud.

I say that he has set a pattern because I think that that is important. Three of the great key industries of America, industries that make us strong and rich in peace, and are vital to our defense in war, are the creation of men and their families that you will have or did have before you. Carnegie, Rockefeller, and Ford. It is a striking thing that these immense philanthropies were based upon the fortunes achieved in what created modern, post-Civil-War America.

The next thing that I have to mention in this enterprise is that it is not nearly as difficult as it has been said to be. I know that we all like to make aphorisms, and I do not criticize the man who made this particular one. But it is not nearly as difficult, I say, because these foundations have been remarkably successful, strikingly successful. I think that one reason that they have been strikingly successful is that they have chosen good men to lead them, that is, the permanent, professional leaders of these great foundations have been well chosen men. In my own foundation, there was truly a great philanthropist, Fred Keppel, who was my lifelong friend and who led me to become, hesitatingly and unwillingly, a trustee. In those days I was a busy young lawyer, or middle-aged lawyer, rather, and I did not want to do it. But I loved Fred, and he said that I must. That man was 18 years the president of this undertaking, and his contribution was, if you like, by pensions and libraries. If you like, by art and adult education, and music. His real function was to make for the leaders of education in America a point of contact and sympathetic understanding of their problems and their needs and those of the other members of their community. To my mind, it is not merely the money that the foundations give, but this stimulus and encouragement, the feeling that there is somebody that you can go to and say, "I know this is a very difficult thing, and I am going to get into a lot of trouble and get you into a lot of trouble, probably. But here is something that ought to be tried."

Those are the risks.

We made a lot of mistakes. They were mistakes only in the light of information that we now have, and which we could not have had until the McCarran report was handed down, and the testimony before the McCarran committee. We know we have made mistakes. If a foundation 40 years old came to me and said, "We have made no mistakes in 40 years; isn't that wonderful?" I should say, "You buried your talent. Surrender your charter."

It is impossible that we should take the risks and inspire new enterprises which the Government cannot undertake and should not undertake, and which the established universities cannot undertake and should not undertake, and not make mistakes. You will make mistakes. You may find geniuses, some of whom may turn out to have twisted minds. You have to set them to work and see if they may not be geniuses.

That is my conception of how easy it is to do good with money if you have it to spend. Bear in mind, there are two fundamental philosophies about this, in my opinion.

I am talking an awfully long time in answer to your question. I am afraid I am boring you.

Mr. KEELE. No. We are interested in hearing it.

Mr. LEFFINGWELL. There are two fundamental philosophies. The first is that I believe completely and utterly in private enterprise in every field, and I am sure the American Government feels that way, too. It believes in private enterprise and wants private enterprise to prosper. That is the major thing. But coming close after that, in my mind, is that the enterprise of education is perhaps the most important single enterprise that there is in the United States of America. I do not know anything more important than education. And that is the Carnegie Corp.'s field.

I know another thing, I know it partly because I have a son-in-law who is headmaster of a boys' school. I know that there is also nobody in the business, directly in the business of education, who does not have a terrible amount of hard work to do to pay his current food and wages bills, and he does not have any money left over at all for the genius on his faculty, or the scholar on his faculty, for experiment, for study, and for research.

The third thing is that if he has not, then no matter how good his faculty is today, it is going to get less good week after week, almost, and certainly year after year, because the man who cannot go back to the springs of knowledge every so often and refresh himself with new learning and new research gradually becomes a hack, and no matter how good he was to begin with, he is going to fall back.

There is really my picture of how easy it is to do good with money. I hope it might inspire somebody to start another of these foundations.

Mr. KEELE. How much time, Mr. Leffingwell, would you estimate that you give to the Carnegie Corp. each year?

Mr. LEFFINGWELL. I could not possibly make an estimate. I never kept a diary in my life, and all I know is that I never withhold my time from the Carnegie Corp. when the president asks for it or I think it should have it. I have always got time for it.

Mr. KEELE. I do not want to press you on this, except that we are trying here to get an idea of the amount of time relatively the trustees give to their work. We are asking you with reference to one of the foundations, because the charge has been made to the committee and the staff that foundation trustees are somewhat in the character of absentee landlords. That is why I would like to press the question as to the approximate amount of time you give.

Mr. LEFFINGWELL. In terms of time given, I am afraid I cannot really give the answer, because I just do not know. If I had thought of this being asked, I should have done it, and I would have been making a record in recent years. But I do not know. I do not have the least idea how much time. All I can say is that if the measure of my service to the Carnegie Corp. was the number of hours or days I give to it, then they ought to fire me off the board, because my usefulness, if there is any, is due to my being able to apprehend a problem quickly and clearly and give useful advice promptly. It should be within the least amount of time on my part or theirs. Otherwise, I would go up there and get in Mr. Dollard's way for weeks.

You see, no trustee, no director, has any business trying to administer his company or his foundation. If he hangs around the office, he ought to be dropped from the board at the next annual meeting. It is not his time that they want. It is his brains, his experience, his

advice and his wisdom. Those are something that you can measure only in terms of 74 years in my case. You cannot say that the measure of my usefulness is so many hours or days per annum at the office. The measure of my usefulness is, on the contrary, how much I can keep physically out of the way and how much I am always present in the president's thought and also at his disposal, whether I am on vacation or in the office, or wherever I am. I am always at his disposal, and he knows that, and he uses it.

Mr. KEELE. Mr. Leffingwell, yesterday we were discussing some of these problems in the committee office. I would like to revert to two or three of the subjects we discussed there; for instance, the element of risk involved in setting up such a project as the area study of Russia at Harvard. I would like very much to have you tell the committee something of your views on that.

Mr. LEFFINGWELL. I think the risk is great. The first great risk is, of course, one that was pointed out by Mr. Dollard this morning, and this is the best answer to your question whether we are shirking the taking of risks. The first great risk is that the people cannot be made to understand why we want to know anything about Russia. It is a curious sort of thing. We know Russia is bent on world domination. We know that our lives and our future are daily at the mercy of this tyranny, and yet there is a nice old saying, "What you don't know won't hurt you."

Well, is that so? If you can give us that assurance, if anybody can give us that assurance, that by ignoring Russia, remaining ignorant of Russia, we can be safe from this dreadful threat, wouldn't we be happy?

There are those who think that Yalta might not have happened and the loss of China might not have happened if we had known enough about Japan to know that Japan was ready to collapse almost instantly. Then surely no concessions would have been made to Russia at Yalta, and surely we should not have lost China.

So far it is not true that what you do not know will not hurt you. It is our ignorance that is our greatest of all perils in dealing with this monster. As difficult as it is to go into the diseased areas of human thought, it is like going into an examination of insane asylums, you must know about it.

As Mr. Dollard said, you risk your scientists and lose some of them in search of yellow fever, its cause and its cure, or for typhoid fever, its cause and its cure. We could not have built the Panama Canal if we had not studied the evil ways of the mosquito that carried malaria.

Here is communism, an infinitely worse disease. Certainly the men who are employed in the effort to find out what it is and how to vaccinate against it—certainly those men are running the risks that we fear. I do not know that they run any greater risks than other unbalanced men. It is a curious thing, psychoanalytically. It may be a disease of the mind. How can an American tie up with communism? It is incredible that he should. But I am not prepared to guess for a minute that the man who studies communism is in greater danger of being infected than a man who remains ignorant of the disease that our enemies in Russia are trying to infect him with.

That is my answer. First, for our own sakes and our children's sakes and our grandchildren's sakes, we must know all we can find

out. For the sake of the soldiers that have to fight and die for us, we must know all we can find out. We must know the languages and we must know their plans, if we can find out, and we must prepare ourselves against them. It is intolerable to send boys to Korea, or wherever, if we are consciously denying them the benefit of what knowledge we can give and gain of the evil forces they are fighting against so that they may fight better and with greater assurance of victory. That is my theory of Russian studies.

Mr. KEELE. And I assume that was carefully considered by you and by the trustees of your organization before any grant was made?

Mr. LEFFINGWELL. Indeed it was. And may I say that it is a certainty that if the facts which the McCarran committee discovered and the papers the committee discovered had been known at any earlier time in the past to the trustees and the officers, from that moment on, grants to the Institute of Pacific Relations would have been refused. The conception of the Institute of Pacific Relations and of our support of it was of the first quality of magnitude and constructive effort. Here was an area that was neglected, of which everyone in this country was ignorant. It was of vital importance. Thoughtful people knew it was of vital importance. This was the only agency in the field. And as it started under auspices of the highest quality, under leadership of men we all knew and revered, it stood for the hope that we should throw the light into that dark area.

Now we know we were working with an instrumentality which we should not have used if we had known what was going on. But it was a conception of imaginative quantity, and it was in the hands of people whom we knew and trusted.

In business and in philanthropy we must say this in regard to all the investigations that we can make and all the studies of agents that we can make, we are just human beings. Whether we are bankers, lawyers, or philanthropists, we are, if I may say so, Mr. Chairman, just like Congressmen, human beings. The people that we trust we do trust, and the people that we do not trust we do not trust, and sometimes we are deceived when we give our trust. But you look at a man and say, "That is a man I believe in."

Now, take Owen Lattimore. He was recommended to me. I have only seen him once. He was recommended to me by Isaiah Bowman, president of Johns Hopkins, the greatest geographer of our day, and a man of superb wisdom and devotion and patriotism. I trust the people that I trust; and, if a man has the highest recommendations and his record is superlative and there is something that tells me that I may trust that man, I do trust him. That is just the way all of us are who have had experience in this world.

Even so, we are mistaken sometimes.

Mr. KEELE. When was your attention first directed to the activities of the IPR or the activities of the men in the IPR to the extent that you began to have some apprehensions or fears about their good faith?

Mr. LEFFINGWELL. I could not give you dates for it. I got uneasy about Field when I read some article in a magazine. It was just about that time he retired as executive director, and I had such confidence in the group that were trustees and officers that I did not think about that again. When the war came along, our activities faded out.

I may as well point the finger at myself and say that I am the trustee whom the President referred to who wrote a letter in the autumn of

1946 raising, among other things, these questions. I said something like this: that I did not think that they were as good as they ought to be, in general, and that I knew of a lot of reports about communism, with what justice I did not know. I can remember that phrase "with what justice I do not know." One does not pass judgment if one is a trained lawyer, but one stops sending money. We did not pass judgment, but we made a terminal grant.

That is the only date that I can give you, the latter part of 1946. I can remember at a much earlier date saying, "Now, look out for this fellow Field." But I was not at that time of a mind to say that it is important. He did stop being executive director. But in the latter part of 1946 I swung out that danger signal. I do not think that that is so terribly important, because I think that the officers no doubt were alert to it, too.

Mr. KEELE. Mr. Leffingwell, we were talking yesterday also about whether foundations generally have become more timid with the passing of years, whether they were still as bold and forward-looking as they were in the early days. Now, you have had a long association with this organization. I wish you would give us your views as to that theme or thought.

Mr. LEFFINGWELL. I think that one short view is that if we had been more timid maybe this inquiry would not be taking place. The very fact that we consciously were running the risk of making mistakes in the most difficult of all fields—and this is the most difficult of all fields—is the answer to your question. Let me explain what I mean.

In the natural sciences, except for the atom bomb, there really is no basis for popular or political criticism of foundation activity or other activities. In a way, the most attractive thing to do is to explore what there remains to explore in physics and chemistry. That is the most attractive thing to do. You can attract all the men you want into physics and chemistry and engineering. They can be assured, if they are good, of careers of high distinction and in some cases of great profit. They may come out with an addition to knowledge of the most tangible sort.

Now, when you turn your back, or almost turn your back, on these safe fields of intellectual effort and turn to the social sciences, or, as I prefer to say, the social studies, because many of the social studies have not achieved the rank of science, in my judgment—when you turn to that field, at every step you are stepping on somebody's toes. You deal with the fact which was mentioned this morning: That economics is really not a science of economics; it is the study of political economy. You cannot say anything in that field without arousing somebody's anger. I can remember a very great professor of political economy back in my day in the nineteenth century who lost his job because he was in favor of free trade, and the graduates of his college were not, and they just could not keep him.

Anybody who says that the tariff question is not a question of political economy has a difficult row to hoe; has he not? I know that it is a political question. You, Mr. Chairman, know that it is a political question. It is a political question.

I happen to be a free-trader. But that does not simplify the problem for me, because my Republican friends—many of them also are free-traders—cannot translate that into congressional opinion on a large scale.

But it is political economy. Now, in the rest of your social sciences, it is even more inexact. The study of man himself—what is he? You can have psychology, anthropology; and those need to be studied. You have political economy, sociology; you have every imaginable field, often involving people's prejudices, and my answer is that in electing this field we are doing two things: We are really helping the colleges and universities where they most need help, for the reason that the natural sciences and engineering elicit the help of the Government and of corporations. There was almost limitless money, available for the development of work in those fields.

We are entering the field of inexact sciences, which are political, controversial, and the field of international relations, domestic relations, the field of political relations, government, and the nature of man himself. Those are the subjects that cannot be supported by government. They cannot be supported by corporations. They are not interested in them. And yet, if we do not deal with man himself and his political relations, what is the good of adding anything to our knowledge of physical science?

I say that that is not an indication that the foundations are getting careless or burying their talent. On the contrary, I think they are entering into the most difficult of all fields. They have gotten their fingers burned, and they are going right straight ahead, knowing that their fingers will be burned again, because in these fields you cannot be sure of your results, and you cannot be sure that you will avoid risk; and you know that, if the boundaries of knowledge are pushed back and back and back so that our ignorance of ourselves and our fellow man and of other nations is steadily reduced, there is hope for mankind, and unless those boundaries are pushed back there is no hope.

Mr. KEELE. I take it that implicit in what you said are two propositions: (1) that foundations can do what government cannot—

Mr. LEFFINGWELL. I would go a step further and say that, since I believe in private enterprise, foundations can do what government should not. All you have to do is to look at the political nature of many of the studies that have been mentioned to realize that the Government should not be in that field, and that the Government should just sit back and say, "Well, isn't it nice that we have these philanthropists who are willing to burn their fingers, if need be, and who are willing to add to American knowledge in these fields," because obviously, as soon as government deals, not with what it knows, but with the exploration of political economy and sociology and international relations in a scientific field—as soon as government enters into it, the thing will become a dead thing. We know that men are not allowed to think in Russia any thoughts that are not in the statutes. We can not write these things into statutes. It is an act not merely that government cannot do, but that government should not do. The universities cannot afford to do it, because they have to pay their monthly bills, and they are all poor. There is no other money to go into the Arctic regions of thought except foundation money.

Mr. KEELE. Do you know how that problem is met in other countries of western Europe?

Mr. LEFFINGWELL. I think that it is not met, partly for the reason that there are no such funds.

Mr. KEELE. Do you mean to indicate by that, Mr. Leffingwell, that they are not making studies in these fields?

Mr. LEFFINGWELL. No; I do not mean that. You cannot stop the human mind dead. Scholars, particularly in the field of basic research, have in the past done amazing things in the countries of Europe and in England. Where they have fallen short of our achievement is in the application of the results of their basic research.

When you ask me that question and I make that answer, I have to make it with the feeling that my more learned friends are obviously saying, "Can't you stop him?" I am not an expert in that field. But I think that that is a rough approximation.

Mr. KEELE. In other words, though, there is no known equivalent in the countries of Western Europe to our foundations, as I understand it?

Mr. LEFFINGWELL. As far as I know.

Mr. KEELE. And the men pursuing studies such as you have enumerated do not get the consistent support of a group such as the foundations supply here?

Mr. LEFFINGWELL. I would think that that was so. But you have to remember, on the other hand, that they had an enormous head start on us, and the great foundations of the Middle Ages, represented by the great old universities of Western Europe, had done wonderful things. These were foundations in the sense that we are talking of foundations. They were not built by the government. They are supported by the government now, but they were not built by the government. They were built by kings and princes, and they were foundations in the truest sense.

The ancient universities of western Europe had their origin in a not altogether dissimilar fashion, and they have made achievements of the utmost significance. I think the same thing probably would be true of Germany up to the First World War, or soon after, when the evil influence of despotism settled down and scholars were no longer permitted to pursue their thoughts.

The Europeans have the genius, they have the knowledge, and they have the tradition, but I doubt that they have the implements today to pursue their inquiries on the scale that the foundations make possible now.

Mr. KEELE. Mr. Leffingwell, over your long experience, what is your judgment as to the comparative need for foundations today as against the time when you first came to have knowledge or active interest in them?

Mr. LEFFINGWELL. I should think that "need" is a difficult word. I should say that there is more opportunity visible today than there was 30 years ago. That means something like this. The farther you go from the hub of the wheel down each one of those spokes, the more fields of exploration you see before you. If you put yourself back in the days when Mr. Carnegie was envisaging these benevolences, I suppose that the things that his foundations have found and are looking into now would have been incomprehensible to his mind. They would not have made any sense to anybody.

Mr. KEELE. Would it be a fair statement to say, then, that the field of opportunity is constantly widening, rather than constricting?

Mr. LEFFINGWELL. I think so. I cannot too earnestly express the thought that it is in the interests of the American people to keep the

door open to every inquiry which conceivably in the mind of some qualified person may add to the sum of human knowledge. Mostly the things that are found out are not the things you were looking for. I have heard it said by people who know better than I do that if a cure for cancer is found, it will be by some scientist who is looking for something else. But each time you travel down one of those spokes, you open up new vistas, and you add something to the sum of human knowledge. It may be 10 years or 50 years from the time you have found it out before some other man comes along and says how to use it. But you have added something to the sum of human knowledge.

Mr. KEELE. Mr. Leffingwell, I have only two or three questions more. One, I would like to know whether in your experience and view you have ever known of any grant to be made by the Rockefeller Corp. which in your opinion tended to weaken or soften or undermine our way of life in this country.

Mr. LEFFINGWELL. I am a lawyer, too, and I have not made any examination of the grants of the Rockefeller Foundation that would enable me to say now—

Mr. KEELE. I stand corrected, sir—

Mr. LEFFINGWELL. All I can say is that I do not have the slightest idea they have ever made a grant knowingly that would undermine the American Nation, which they are just as loyal to as anybody could possibly be.

Mr. KEELE. That was an inadvertence on my part. I was not attempting to get you to express a view as regards the Rockefeller Foundation. I was really directing my question to your foundation.

Mr. LEFFINGWELL. It was a slip of the tongue?

Mr. KEELE. It was a slip of my tongue.

Mr. LEFFINGWELL. Well, I will say the same thing for myself. Only I do know the grants of the Carnegie Corp., and I am sure that none was ever made knowingly that could in the opinion either of the officers—and mind you, they are my intimates—or the trustees, contribute to overthrow the American way of life or the American Constitution, which we love and which we are devoting our efforts to support.

Mr. KEELE. Now I will deliberately expand my question without reference to any specific foundation.

In the course of your experience, have you observed any grants made by any of the foundations which in your opinion tended to undermine our way of life?

Mr. LEFFINGWELL. You know and I know vaguely that there is a foundation called the Robert Marshall Foundation, which I believe is frankly Communist. But I am not aware of any others.

Mr. KEELE. And it so happens that that is beyond the confines of the jurisdiction of this committee, for the simple reason that they are not tax-exempt. They do not enjoy that privilege, and we are limited to an examination of those. Aside, shall we say, from the Robert Marshall Foundation, do you know of any foundations which have deliberately tended to foster communism or to weaken what we like to call Americanism?

Mr. LEFFINGWELL. I have not the least notion that there exists any. But, of course, when I talk about foundations, I use the word in what has become the slang of our occupation. We think of the founda-



tions as institutions which have received great endowments for philanthropic purposes, and when I read some of the descriptions by your first witness of the multitude of the categories of foundations which you described, I just said, "This is beyond my range."

I cannot inform you about those, and I daresay that there is nobody who could, unless the files of the Treasury were to disclose something—

Mr. KEELE. When you speak of foundations, I take it that you are thinking more in the terms that were given by Dr. Andrews here?

Mr. LEFFINGWELL. Yes.

Mr. KEELE. In which he said there were roughly 1,000 of a certain size?

Mr. LEFFINGWELL. Yes. That is a much bigger figure than I am familiar with. I do not know anything about 1,000 foundations.

Mr. KEELE. Your knowledge goes to the larger foundations?

Mr. LEFFINGWELL. Yes, the great foundations in this field, and even there it is not my knowledge, but it is pretty well informed opinion.

Mr. KEELE. I have one other question, and that relates to public reporting, if we may call it that, the publishing of reports such as Carnegie Corp. does publish. I would like your views on the value of that, and the validity of a requirement, perhaps, requiring such a reporting.

Mr. LEFFINGWELL. I feel so very strongly about it that I ought to measure my terms. So far as there is a justification—and I am sure there is—for the existence of these institutions, it is that they serve the public good. If they are not willing to tell what they do to serve the public good, then as far as I am concerned, they ought to be closed down. A man that says he is a friend of the American people and that he has so much money to use for the good of the American people and will not tell what he does for the good of the American people, may be all right, but I would close him down. And I say that partly because the welfare of these great constructive foundations with which I am familiar, and their opportunity for usefulness, are constantly threatened by a confusion in the minds of the people about what is a foundation. And when they hear that their neighbor has set up a foundation for X dollars and they cannot find out what he does with it, the genus foundation comes under suspicion of Mr. John Smith, whose neighbor has a kind of foundation.

So I am frankly self-interested in expressing the opinion that all foundations should be required to make public their assets and their enterprises and their general purposes and their personnel.

Mr. KEELE. Do you think they should be required to file these reports in some central place?

Mr. LEFFINGWELL. I think they ought to be required to file their reports with the Treasury in a form that a man could understand, because I think that the basis of Federal action is in the tax exemption, and because I think the Treasury has a very great interest to know that taxes are not being evaded, and therefore it has an interest to find out what is going on. This tax exemption could be a source of tax evasion, and it is the Treasury's business to find out about that. But the reports should be filed with them, and I think they should be open to the public and to the reporters, and made freely available to the reporters, so that you would not have to have consent. Why shouldn't they tell? I say that a man who says, "I exist," or a corporation that says, "I

exist for the public good," and will not tell what good it is, is open to suspicion.

Mr. KEELE. I think you made a suggestion one time when we were talking that the reports should contain an intelligible statement of what they are doing.

Mr. LEFFINGWELL. Yes. I did make that suggestion, because people are human beings, and if you write a statistical paper such as I gather the present law provides, and file it with the Treasury Department, it is not in human nature to be able to understand such a report and when you have gotten through with it you do not know anything.

Mr. Dollard writes a report, and all the time I have been in the corporation the president has written a report which intelligibly tells a man who will read it what the corporation has been doing, what it is thinking, and what it is projecting, and it is very interesting reading. If I could persuade more people that that is true, I would be happier, because I do not meet enough people who do read it. It is not funny, and it is not light literature, but to a man of intelligence it is very interesting reading.

We publish our investments. We have to be very careful about our investments, because we know that others, some others, take investments advice from our lists of investments. Well, that is all right. We think that the foundation should have glass pockets. That is one reason why we think this investigation is a good thing as it has been conducted because we hope that you can enable the American people to understand our institution and similar institutions, and that you will be able to tell them, "Now, this is a good, patriotic, forward-looking, constructive enterprise. We have seen their mistakes. We understand their mistakes. We can quite see how they happened. But they were small in relation to the constructive enterprise."

Now, what we want to do—and I hope you are going to say this in some form and some words—is to throw the full flare of publicity on every foundation, the same kind of publicity that has always been given by the Rockefeller trustees and the Carnegie trustees, and now by the Ford trustees, on every foundation, and I believe that will clear up people's minds about these institutions.

Mr. KEELE. I have no other questions.

Mr. FORAND. Mr. Goodwin?

Mr. GOODWIN. No questions.

Mr. FORAND. I have no questions.

Mr. KEELE. Mr. Leffingwell, I do not believe that we have any other questions. We are grateful to you.

We would like to talk to Mr. Josephs just a moment. We are aware of the fact that you are trying to make a train at a certain hour, too.

Mr. LEFFINGWELL. Thank you, sir.

**STATEMENT OF DEVEREUX C. JOSEPHS, PRESIDENT, NEW YORK LIFE INSURANCE CO., TRUSTEE, CARNEGIE CORP.**

Mr. KEELE. Mr. Josephs, we will not keep you long.

Mr. JOSEPHS. We have all the time you want, sir.

Mr. KEELE. Will you state your name, place of residence, occupation, and your connection with the Carnegie Corp., please?

Mr. JOSEPHS. My name is Devereux C. Josephs, and I am president of the New York Life Insurance Co. I am a trustee of the Carnegie Corp., and was for 3 years, from 1945 through 1948, its president.

Mr. KEELE. In an effort to speed this up a bit, let me ask you this question. You have heard, have you not, the testimony that has been given her by Mr. Dollard and Mr. Leffingwell?

Mr. JOSEPHS. Yes, sir.

Mr. KEELE. If the same questions were put to you, would your answers be substantially the same?

Mr. JOSEPHS. They would be substantially the same, and as emphatic in places particularly where Mr. Leffingwell was so emphatic.

Mr. KEELE. Did they say anything from which you would depart somewhat?

Mr. JOSEPHS. No, sir.

Mr. KEELE. In other words, have you anything that you could add to what they said along the same lines, or would you differ from them in any events?

Mr. JOSEPHS. No. I have nothing more to add, and it is not for lack of interest and a desire to give the committee as much information as possible. But what has been said by them I think has been extremely well said, and the witnesses that have preceded them on previous days have explained foundations very much to my satisfaction. I think that there is no reason for me to take the additional time of the committee simply to say again in different language, which I do not feel would be nearly as good, what they have already said.

Mr. KEELE. Your views correspond with theirs, then, I take it from what you have said, on their impressions of public accountability and public reporting on foundations.

Mr. JOSEPHS. That is correct. And it is no surprise that my views would be the same as theirs, because we have hammered out these views together. Mr. Dollard and I were very closely associated at the time that I was president, and he was my right arm and right hand, and whatever else his assistance was, and we work these things out together in connection with Mr. Leffingwell. So our views would naturally be the same.

Mr. KEELE. Have you observed at any time, either while you were president of the Carnegie Corp. or since, or before that time, any activities of foundations—and I am speaking now of the larger foundations, those which you have had some opportunity to have connections with or to observe their activities—which in your opinion were deliberately, shall we say, steps or activities taken with a view to weakening the foundations of our own Government?

Mr. JOSEPHS. No, sir; not at all.

Mr. KEELE. How would you explain the fact that there has been as much criticism as there has been—and there has been considerable—leveled at foundations on the charge and on the allegation that they have favored left-wing proposals, that they have supported activities which tended toward socialism, or even communism?

Mr. JOSEPHS. I would think it was a lack of understanding, first, of what a foundation is. A foundation, I think, is too mysterious an organization. It is not for our own good that it should be such. But I think the people have thought that foundations were esoteric, and the public knew very little about them. Then I think that when they deal in the social sciences and man as a social animal, to a lot of people that means socialism. It seems absurd to state that among people of education and thoughtful people, but it is a very easy sliding of

the word, and I think that that has created some doubt as to how the foundations were working.

First, people have not known what a foundation was. It had a lot of money; it seemed to spend it in a careless fashion; it seemed to be perhaps whimsical in the way that it gave its money out. Some people were disappointed. They did not get their money for such obviously good causes as the alleviation of suffering, for example. Foundations work more at the causes than at effects. So they said that they must be working in curious ways. And they said, if they are curious ways, they must be ways that are not quite clear on the surface.

I would suspect that that is probably the reason why foundations have perhaps suffered from some suspicion.

Mr. KEELE. In your opinion, have the foundations been aware of this type of criticism?

Mr. JOSEPHS. I would say that I think that they have been aware of it to a considerable extent recently. I would think that they were not aware of it to any degree, any serious degree, until the last year or two, or, to put it another way, that there has been a growing awareness. I think there was always an awareness on the part of the people whom I knew well in the foundation business that information should be given out, but I do not think that any of us realized that we were perhaps not talking in a language that was fully clear to the audience. We supposed that they knew the terminologies that we used, and I think we now know that they do not.

Mr. KEELE. Do you apprehend any tendency resulting from this investigation of driving foundations from the course which they have charted up to now, into safer waters, into the blue chips?

Mr. JOSEPHS. No, sir. I think it is, in fact, just the contrary, for the reasons already given today.

Mr. FORAND. I have no further questions.

Mr. FORAND. I have no further question.

Mr. Goodwin?

Mr. GOODWIN. No questions.

Mr. KEELE. I think that we can suspend, Mr. Josephs.

Mr. JOSEPHS. Thank you very much for giving me the opportunity.

Mr. FORAND. On behalf of the committee, I want to say that the committee appreciates the fine contribution that you three gentlemen have made to this investigation.

Mr. JOSEPHS. Thank you.

Mr. DOLLARD. Thank you.

Mr. LEFFINGWELL. Thank you.

Mr. FORAND. The committee will now recess until 10 o'clock tomorrow morning.

(Whereupon, at 3:55 p. m., the committee recessed, to reconvene at 10 a. m., Wednesday, December 3, 1952.)