

Philanthropy and the American Regime:

Is It Time for Another Congressional Investigation of Tax-Exempt Foundations?

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What is the proper relationship between American philanthropy and the American Regime? Fifty years ago, the U.S. House of Representatives conducted a Congressional investigation of the major tax-exempt foundations to examine this question. But, before proceeding to explore the work of the Reece Committee (circa) 1954 and its relevance to the world of the early 21st century, let us define our terms and establish a framework for analysis.

The Concept of “Regime”

In this paper the concept of “regime” draws upon James W. Ceaser’s *Liberal Democracy and Political Science*, a 1990 book funded by the Bradley Foundation. Ceaser explains that the traditional political science of Aristotle, Montesquieu, and Tocqueville defines the “regime” as encompassing the entire “way of life” of a people: both its culture (habits, customs, and ways of thinking—what Tocqueville calls mores) and its form of government (or political regime, including its laws and civil institutions). Leading scholars of the 20th century including Seymour Martin Lipset, Robert Dahl, Sydney Verba, Louis Hartz, Leo Strauss, Martin Diamond, Willmoore Kendall, Samuel Huntington, Arthur Schlesinger Jr., Gunnar Myrdal and others, despite major differences on normative questions, have written similar descriptions of an “American Regime,” in the traditional sense described above.

For the most part, the American Regime is delineated by leading scholars (to be sure, with many differences of nuance and emphasis) as follows: In the political realm, it (the political regime) could be said to consist of liberal democracy, federalism, constitutionalism, and individual rights. In the non-governmental cultural (and economic) realm, this “regime” or

“way of life” could be said to tend towards an emphasis on individualism, entrepreneurship, free-market economics, local civic associations, religiosity (compared to other developed nations), and Judeo-Christian and Enlightenment beliefs and ethical values.

James Ceaser states that the crucial questions of traditional political science are issues of regime perpetuation vs. regime transformation, including the following: To what extent does cultural change within a nation strengthen or weaken the form of government (the political regime)? To what extent do government actions influence and promote major regime-altering changes within the culture? To what extent do initiatives, projects, and programs within the political or cultural realm tend to reinforce or undermine the perpetuation and transmission of the regime or way of life?

The Regime Chart at the end of the paper suggests four possible relationships of American philanthropy to the American regime during the period of the Reese Committee in the 1950s and today. Square 1, Regime Maintenance, in the bottom left hand corner of the chart suggests philanthropic support for institutions and projects that would strengthen the nation’s political and cultural institutions and help affirm and perpetuate the regime. Square 2, Regime Improvement, in the upper left hand corner of the chart suggests that philanthropy seeks to strengthen the regime through activities that promote improvement and reform. Both Square 1 and Square 2 are ultimately aimed at perpetuating the American regime and transmitting it to future generations.

Square 3, Regime Transformation, in the upper right hand corner suggests that the core institutions and structures of the American Regime are themselves flawed and, thus, the regime should not be transmitted to future generations, but transformed in an evolutionary and non-violent manner into a new form of regime. Square 4, Regime Revolution, in the lower right hand corner posits that the regime is essentially illegitimate and that the only course of action is revolution.

In the 1950s this would have meant support for the Communists. Today, it could mean support for militant Islamic jihadists, contemporary fascists and violent radicals of the

extreme right or extreme left, or another type of revolutionary force from across the political spectrum. The crucial distinction is between Square 1 and Square 2, on the one hand, and Square 3 and Square 4, on the other. Square 1 and Square 2 aim to perpetuate the American Regime and transmit it to future generations. Square 3 and Square 4 challenge the legitimacy of the American Regime and oppose its maintenance and perpetuation in favor a new and different type of regime.

Reece Committee Report, 1954

Fifty years ago, using somewhat different language, these philosophical issues of the relationship of philanthropy to the regime were raised by the House Special Subcommittee to Investigate Tax Exempt Foundations and Comparable Organizations. The committee, headed by Tennessee Republican Congressman B. Carroll Reece was popularly known as the Reece Committee. Two years earlier, in 1952 Reece had been an active minority member of the Cox Committee (headed by E. E. Cox, D-GA) that had a similar mandate from the Congress to investigate foundations. But Reece was dissatisfied with what he considered the lack of thoroughness of the Cox Committee and once he had the opportunity as a member of the majority to launch his own investigation he did so in 1953-54.

Congressman Reece bluntly stated that, “I felt the work of the Cox Committee left several important unanswered questions, of which the gravest was: to what extent, if any, are the funds of the large foundations aiding and abetting Marxist tendencies in the United States and weakening the love which every American should have for his way of life? We set out to find the answers.” The Reece Committee emphasized that foundations were granted special tax-exempt privileges (privileges not available to other institutions) for a specific purpose—to serve the public welfare. Because of these tax privileges, foundations have a special responsibility to the public, not to undermine the core institutions of American democracy.

The Reece Committee’s chief counsel, Rene Wormser articulated the guiding assumptions and presuppositions of committee’s investigation and its view of the proper relationship of

foundations to the American regime when he wrote: “Fundamental to the entire concept of tax exemption for foundations is the principle that their grants are to be primarily directed to strengthening the structure of the society which creates them. *Society does not grant tax exemption for the privilege of undermining itself.*” (emphasis in the original)

Furthermore, Wormser stated, while “reasonable license” is extended to philanthropic institutions, “grants made by foundations which tend to undermine our society....violate the underlying, essential assumption of the tax-exemption privilege, that the substantial weight of foundation effort must operate to strengthen, improve and promote the economic, political and moral pillars upon which our society rests.”

The final report of the Reece Committee issued in December 1954 was a broad based critique of American philanthropy raising many issues that prefigured the culture wars that were to follow decades later. The investigation focused on the major foundations, or what could be called Big Philanthropy: Rockefeller, Ford, the Carnegie Corporation, and the Carnegie Endowment for International Peace. Essentially, the report charged them with “undermining” the American Regime, declaring:

“With several tragically outstanding exceptions, such as *The Institute of Pacific Relations*, foundations have not directly supported organizations which, in turn, operated to support Communism. However, some of the larger foundations have directly supported ‘subversion’ in the true meaning of that term, namely the process of undermining some of our vitally protective concepts and principles. They have actively supported attacks upon our social and governmental system and financed the promotion of socialism and collectivist ideas.”

In almost proto-culture war terms that would later be articulated by thinkers such as Irving Kristol, William Bennett, Alan Bloom, Robert Bork, Midge Decter, and others, the Reece committee charged the foundations with bias in support of “moral relativism.” For example, the final report noted that philanthropy-funded social science research “favored” the “concept that there are no absolutes, that everything is indeterminate, that no standards of conduct,

morals, ethics and government are to be deemed inviolate, that everything including basic moral law, is subject to change...”

The committee declared that in the name of an amoral social science, human subjects were mistreated as “guinea pigs” in the deeply flawed Rockefeller-funded Kinsey Report and in a Carnegie-supported Social Science Research Council project examining American soldiers. Furthermore, instead of fostering open and innovative scholarship, foundation-funded social science research has tended to promote “conformity” among academics and researchers and bias in favor of “change” for the sake of “change,” the committee insisted.

Three major targets of the committee were foundation support for “scientism,” progressive education, and globalism. “Scientism,” for the committee, meant the belief that social problems could be solved “scientifically” just as physical problems were solved. In this sense, social scientists were analogous to medical doctors solving problems of disease. Chief Counsel Wormser cited an article by Pendleton Herring, President of the Social Research Council as an example of this mind-set in which Herring wrote: “One of the greatest needs in the social sciences is for the development of skilled practitioners who can use social data for the cure of social ills as doctors use scientific data to cure bodily ills.”

The committee also criticized decades of foundation-funded Progressive Education initiatives as promoting socialism and collectivism. The Rockefeller-funded high school history textbooks developed by Harold Rugg of Teachers College, Columbia University (who advocated the reconstruction of the American social order) were singled out for “disparaging the American Constitution...and presenting a “New Social Order.” Another Rockefeller-funded textbook series “Building America” was criticized for presenting conditions in the Soviet Union in glowing terms (the Communists had established “democracy” for the working class and ended ethnic and religious discrimination) while ignoring the terror, repression, and purges of Stalin’s rule.

The Rockefeller, Carnegie, and Ford Foundations were chastised for promoting “globalism” that weakened American democratic sovereignty. Wormser cited a 1949 article by Ford-

funded education project director Mortimer Adler in which the renowned University of Chicago educator stated that world peace “requires the total relinquishment and abolishment of the external sovereignty of the United States.” Wormser also noted that in 1947, Soviet agent Alger Hiss, as President of the Carnegie Endowment for International Peace advocated a project within the Endowment to promote support for the United Nations within the United States and influence U. S. policy towards the world body.

The Rockefeller Foundation, the Carnegie Corporation, and the Carnegie Endowment for International Peace gave millions over the years to Institute of Pacific Relations (IPR) described by the Senate Internal Security Subcommittee as “pro-Communist” and “pro-Soviet.” The IPR’s leaders defended Stalin’s purges and refused to allow even Trotskyist critics of the USSR to write for the Institute’s magazine. Historian Arthur Schlesinger Jr. stated that the editor of the IPR magazine Owen Lattimore, “defends every item of Stalinist justice.” Lattimore described Stalin’s show trials as follows: “That sounds to me like democracy.” Schlesinger retorted that Lattimore’s words “sound like fellow traveling to me.” The committee asked why the Rockefeller Foundation continued to support the Institute “long after the time” that there was evidence that the IPR was heavily influenced by Communists.

At the end of the day, the Reece Committee presented an intellectual and cultural critique of Big Philanthropy, charging some of the larger foundations (Rockefeller, Ford, Carnegie) with violating their public trust as tax-exempt institutions by supporting projects undermining the American Regime. The foundations, in Rene Wormser’s words, represented an “elite” in “control of gigantic financial resourceswilling and able to shape the future of this nation and mankind in the image of its own values concept,” which, he insisted, differed from the value system of the American way of life. As noted, the committee was not primarily concerned with explicit communist activity, but “subversion” more broadly understood to mean undermining and de-legitimizing the core institutions and ideas of what traditional political science calls the “regime.”

Congressman Reece, Chief Counsel Wormser, and other committee leaders essentially argued the following: All Americans have the right to free expression including the right to support socialism, collectivism, and other radical political ideologies. However, the rules for tax-exempt foundations are different. These institutions are granted special tax privileges with the understanding that they serve the public good. Therefore, they have an obligation to serve the public. The public interest is in strengthening—not undermining—the political and cultural institutions of our liberal democratic regime. Put otherwise, the committee was saying that in terms of the Regime Chart at the end of this paper, philanthropy should be active in Square 1 and Square 2, but not in Square 3 and Square 4.

Originally the Reece Committee, after hearing from academics who were friendly witnesses, had planned to examine representatives from major American foundations. However, ranking minority member Congressman Wayne Hays (D-Ohio) essentially disrupted the hearings by continuously interrupting the committee consul's examination of the first foundation witness, Pendleton Herring of the Social Science Research Council. Chairman Reece decided to cancel the public hearings and asked the foundations to submit written statements. The foundations responded by attacking the Reece investigation in written testimony and in simultaneous press releases as an attempt to stifle free speech, freedom of thought, and academic freedom. They characterized the committee's investigation as a "circus," a "fraud," a "travesty," "the sheerest nonsense," and the like. They charged the committee with malice, bias, basic unfairness, but did not respond to the core arguments that some foundations had supported projects that tended to undermine the core institutions of the regime.

Rene Wormser reacted angrily accusing the foundation officials of "A form of arrogance and a pretension to superiority [which] leads them to believe that critics must, per se, be wrong... [that] Foundations are sacred cows. The men who run them are above being questioned." Further, he stated that: "They [the foundations responses to the committee's report] were, in their mass, extremely disappointing. They were characterized by evasion of the specific issues raised in the testimony and failure to face the detailed evidence. They were glib, self-

adulatory, given to glittering generality, frequently abusive; in general, they maintained that the respective foundations were beyond and above and serious criticism.”

In *Liberal Democracy and Political Science*, James Ceaser states that differences between “regime issues” and “policy issues” are “fundamental” to a traditional understanding of political science. Regime questions are those that effect “how a society is constituted.” On the other hand, policy matters (e.g., whether a government spends more or less on highways) do not alter the core form of the regime. But, Ceaser notes, “regimes can be changed without revolutions” and “strategies, sometimes delicate, can be devised to alter the actual character of the regime, usually in its civil aspect, before directly redefining the public principle of rule—or in rare cases without directly confronting it.” According to Ceaser, “to the degree that a policy has the effect of precipitating a change in regimes, it is in reality a regime question, no matter whether it is offered or even consciously perceived in that light.”

One the virtues of the Reece Committee’s work was that it recognized the “big picture” of philanthropy’s relationship to the American regime. On the other hand, the committee’s vices included: sometimes confusing “policy issues” with “regime issues”; overreaching in their characterization of what constituted subversion; assuming planned coordination among disparate foundation projects where none existed; and a general clumsiness in dealing with academics and researchers.

Nevertheless, to its credit, the Reece committee understood that it was dealing with crucial questions concerning the maintenance and transformation of the American regime, while Big Philanthropy refused to engage in any serious discussion of regime questions. At that time in the mid-1950s, the foundations were able to successfully ignore the philosophical issues raised by the Congress. Within a decade or so of the Reece Committee hearings the anti-communist and anti-subversive impulse that had been the driving force behind the investigation was generally discredited as a “McCarthyite witch-hunt.” The anti-communist tendency was replaced by the anti-anti-communist narrative of the “Red Scare” in which, even dedicated and hardened Stalinists like Julius Rosenberg were characterized as “idealists.”

Since the fall of communism, however, Soviet documents have come to light (*e.g.*, the Venona intercepts of Soviet government cables) revealing domestic Communist subversion in the United States and settling previously disputed controversies over, for example, the now undeniable guilt of Alger Hiss and Julius Rosenberg. In addition, the pro-Communist proclivities of Owen Lattimore and the Institute of Pacific Relations have been clearly established by serious historians such as Arthur M. Schlesinger Jr., Ronald Radosh, John Earl Haynes, and Harvey Klehr. In reference to Owen Lattimore, Arthur Schlesinger declared, “I have never seen any reason to admire men who, under the pretense of liberalism, continued to justify and whitewash the realities of Soviet Communism.” And, today there is another form of domestic subversion in the land as the Justice Department arrests scores of radical Islamists (some American-born militants, who are dedicated to overthrowing American constitutional democracy) from Buffalo, New York, to Portland, Oregon.

Fifty years after the release of the Reece Commission report the vital question of the proper role of American philanthropy to the American regime remains unanswered and unexplored. Surely this is a question of crucial importance that must be seriously examined if we are to fully understand the normative basis for the privileges afforded tax-exempt foundations. Let us now examine what a new Congressional investigation of Big Philanthropy—focusing on this essential question of the relationship between philanthropy and the regime—would look like in the first years of the 21st century.

Time for a New Congressional Investigation of Big Philanthropy?

The new investigation could start with an examination of philanthropy’s role in the United Nations Conference on Racism held in Durban, South Africa just before the attacks of September 11, 2001. Major American foundations including Ford, Rockefeller, MacArthur, and Charles Stewart Mott vigorously promoted the UN Durban conference. They funded scores of Non-Governmental Organizations (NGOs) prominent at the conference and assisted those NGOs in organizing pre-conference strategy sessions around the world from the

Rockefeller Conference Center in Bellagio, Italy, to meetings in Sanitago, Chile, and Washington, DC.

The NGO agenda developed for the Durban Conference is outlined in a series of reports including—the US NGO Coordinating Committee Report on the American Hemisphere meeting and the report of the US (NGO) Leadership Meetings—that were funded by the Ford Foundation and the Charles Stewart Mott Foundation. These two documents endorse the following positions (quotations are taken directly from NGO documents). The NGO reports:

- demand that the US “publicly acknowledge the breath and pervasiveness of institutional racism;” which “permeates every institution at every level.”
- declare that “racial bias corrupts every stage of the criminal justice process, from suspicion to investigation, arrest, prosecution, trial, and sentencing.”
- insist that “rhetoric emphasizing the ‘progress’ we have made in overcoming this country’s racial problems actually ignores how deeply imbedded racism...is.”
- excoriate the “persistent failure of the US government to recognize that an adequate standard of living is a right, not privilege” and deplored the “denial of economic rights in this country (USA).”
- denounce free market capitalism as “a fundamentally flawed system” and “expressed the conviction that is possible to organize a more just, equitable and socially responsible system.”

The NGO Durban Agenda is a root and branch attack on the cultural, economic, and political institutions and ideas of the American Regime. If “institutional racism permeates every institution at every level;” if “racial bias corrupts every stage of the criminal justice process;” if “rhetoric emphasizing the progress we have made...ignores how deeply imbedded racism

is;” if basic “economic rights are denied in this country;” and if “free market capitalism is a fundamentally flawed system;” then, is there any doubt that the American system is illegitimate and (as the NGOs advocate) should be replaced with a “more just, equitable and socially responsible system?” Put otherwise, if the NGO charges are true, the case for regime transformation could not be any clearer.

In fact, fifty leading American NGOs (including the ACLU, Human Rights Watch and the Mexican-American Legal Defense and Educational Fund, all of them heavy recipients of largess from Big Philanthropy through the years) sent a letter to UN Human Rights Commissioner Mary Robinson stating, in effect, that the regime was deeply flawed. They insisted that American political institutions (*i.e.*, the American political regime) were not capable of reform on their own without outside international intervention. The letter called upon the United Nations “to hold the United States accountable for the intractable and persistent problem of discrimination” that “men and women of color face at the hands of the US criminal justice system.”

The spokesman for the NGOs stated that these issues “had been repeatedly raised with federal and state officials but to little effect.” “In frustration,” he said, “we now turn to the United Nations.” The NGOs said, in effect, that they could not enact the policies that they favored through the normal processes of American constitutional democracy—through federalism, state governments, state courts, the U.S. Congress, Executive Branch regulations, or even the federal Courts. Therefore, they found themselves compelled to appeal to authority outside of American democracy and beyond its Constitution. This is yet another call for regime transformation funded by major foundations.

The Durban conference was not an isolated example. The Hudson Institute’s William Schambra notes that the Ford, Rockefeller, Casey, Charles S. Mott, Open Society, and Tides foundations are funding projects that advance the theory that the US is beset not with simply with racial prejudice (that has existed historically in the United States and in every society in the world) but with what is described as “structural racism.” This concept of “structural racism,” along with allied concepts such as “white privilege,” “institutional racism,”

“oppressor-victim” relationships, “systemic racism and sexism,” and “marginalized peoples” are verbal weapons. They are the tools of the propagandist, not the analyst. They are part of the rhetoric of de-legitimization.

The use of such rhetoric carries a clear subtext, namely: institutional, structural, or systemic racism means that the mainstream civil, cultural, economic, and political institutions and structures of American life are themselves inherently racist; the American “system” itself, that is, the “regime” or “way of life” is “oppressive” and “racist,” and that minorities in such a system are “victims” who are “marginalized” because of their race. Therefore, the regime is illegitimate and must be replaced. This is the rhetoric of de-legitimization as noted in Square 3 of the Regime Chart. The more traditional rhetoric of reform is rarely heard because it implies a reformist (Square 2), not a transformationist (Square 3) or a revolutionary (Square 4) solution to racial problems.

A rhetoric of reform would condemn “prejudice and racial discrimination.” In the traditional language of American civil rights, it would affirm “equal rights for individuals regardless of race, creed, color, or sex.” The subtext of the rhetoric of reform is the mirror opposite of the subtext of the rhetoric of de-legitimization. This reformist subtext informs us that racial prejudice is wrong because it is inconsistent with the values and norms of the American regime. It tells us that, the civic, cultural, and political institutions of American life are relatively sound (although not perfect); and while racial prejudice exists and should be combated, the American regime, itself, is legitimate.

The problem is not simply, as some charge, that our largest foundations are supporting “liberal” projects, as opposed to “conservative” projects. Furthermore, the related argument that some foundations support “liberal” activities while other support “conservative” activities, hence, there is “no problem,” is essentially a red-herring. In the final analysis, the problematic issue for foundations is not support for liberal, conservative, or middle of the road projects, it is support for activities that seek to de-legitimize the American regime itself.

For example, in 1999 the Clinton Administration employed the rhetoric of reform in filing a report on racial discrimination in the US to the UN's Convention for the Elimination of Racial Discrimination (CERD). The Administration report accurately stated that racial discrimination did not exist in the US as a matter of law or policy (*i.e.*, in an institutional form) but as a form of individual prejudice. Shortly afterwards, the Oakland, California-based Applied Research Center, an NGO heavily funded by the Ford and C. S. Mott Foundations, sent an alternative report ("The Persistence of White Privilege and Institutional Racism in US Policy") to the UN.

Using the rhetoric of de-legitimization, the foundation-supported Applied Research Center strongly attacked the Clinton Administration's report charging that "white privilege and institutional racism" constitute "an overarching, comprehensive framework of policies, practices, institutions, and cultural norms that under-gird every aspect of US Society." Again, the subtext of the Ford-Mott funded report by the Applied Research Center was that the American regime is a racist illegitimate regime. The Applied Research Center project was not a "liberal" project, or even simply a "left-wing" project, but an anti-American regime project.

When evidence first appeared that the Ford Foundation had funded Palestinian NGOs active in anti-Semitic outrages at the Durban conference, the Ford Vice-President for Communications dismissed the accusations stating, "We have seen no indication that our grantees in Durban or elsewhere engaged in anti-Semitic speech or activities." At the same time, a representative of the Jewish women's group, Hadassah, complained that there was "no way to miss" the anti-Semitism at Durban. Despite this, a Ford representative told the Hadassah delegate that "what the conference is doing is correct." Sometime later, Ford issued a statement admitting that it had made a mistake in funding groups that committed anti-Semitic acts because it was unaware of such activities. It promised this would not happen again.

David Twersky of the *New York Sun* described the Ford Foundation statement as a "lame and belated attempt to claim innocence by means of ignorance." He noted that "[Ford] foundation

staff had known for years of concerns that it was funding groups in the extremist camp.” Interestingly, the initial response of the Ford Foundation to the Durban revelations mirrored the immediate foundation response to the Reece Committee report fifty years earlier. The same haughty disdain and instant dismissal of serious criticism was on display from leading foundation officials at the beginning of the 21st century, just as it had been in the middle of the 20th century.

Nevertheless, if no longer funding groups engaged in outright anti-Semitism, Ford and other giants of American philanthropy continue to fund NGOs projects that have tended to de-legitimize the democratic regime of the State of Israel. An Israeli think-tank, the Jerusalem Center for Public Affairs, noted that Human Rights Watch (generously funded by Ford and MacArthur) during a four year period (2000-2004) issued 103 reports, press releases, photo essays and the like condemning Israeli defensive responses to the Palestinian terror campaign and only 13 publications critical of the terror itself. Further, Human Rights Watch (HRW) continuously employs the rhetoric of de-legitimization against the democratic regime of Israel, accusing the Israelis of “war crimes,” “racism,” and “serious violations of international law.”

In addition, the *Jerusalem Post* reported that at Durban, the chief representative of HRW “publicly announced” that a representative of a Jewish legal group was not welcome at the NGO meeting and would not be allowed to vote on the NGO resolution condemning Israel as an apartheid state. Since she represented a Jewish group, Human Rights Watch argued that the representative could not be “objective” (others, including Islamic militants, American radicals, etc., presumably would be “objective.”) None of the other NGOs (funded by American philanthropy) objected to the exclusion of the representative of the Jewish legal group because she was Jewish.

Acculturating youth and immigrants into the mores and customs, ideas and institutions of American democracy is a classic task of civic education and civic assimilation. It is, of course, a central feature of regime perpetuation. Yet, for the past eight years, thousands of American college students have attended training and freshmen orientation sessions centered

on a film entitled *Skin Deep*. The film (funded by the Ford Foundation) de-legitimizes core principles of the American regime including the centrality of individual rights and responsibilities, and the belief that an individual can achieve success in the American system through merit and hard work. Instead, the film and the resulting training sessions, tell American students that the nation is not built on the concept of individual opportunity and responsibility, but on group privileges for whites as whites or on “white privilege.”

African-American, Latino and Asian-American students are told in the film that if they genuinely believe in the false “myth” of equal opportunity and the American Dream, they have simply “internalized” their own “oppression.” That is to say, they have accepted their “oppressor’s” view of reality. The distinguished University of Pennsylvania historian Alan Kors points out that this concept is essentially the old Marxist slogan of “false consciousness,” in which the workers unwittingly accept the values of “bourgeois democracy.” Indeed, the film tells minorities that what matters is not achievement within the system, but solidarity with one’s race, group, literally with one’s “blood.” At the same time, white students are told that they should assuage their “privilege” and “guilt” by becoming “allies” of the “oppressed.” It is significant that this popular, widely distributed Ford-funded film specifically characterizes core principles of the American regime as false and “oppressive.” Congressional investigators might want to ask Ford Foundation representatives how *Skin Deep* is consistent with their tax-exempt status to promote the public interest.

Besides acculturating the young, the concept of regime perpetuation in America has always emphasized the civic and patriotic assimilation of immigrants into the mainstream of American life. Indeed, America is probably the most successful immigration country in the history of the world precisely because, traditionally, the regime has emphasized assimilation. This emphasis on immigrant assimilation into the existing mores of the regime started to weaken sometime in the 1960s and 1970s. Also, about this time the Ford Foundation made a conscious decision to promote a strategic shift in the approach to civil rights and civic integration for Mexican and Latino immigrants. Traditional immigrant assimilation into the mainstream of American culture and support for individual rights was rejected by Ford in

favor of a Chicano power model that emphasized group rights, group consciousness, group advocacy, bi-lingualism, and litigation.

The head of the Ford-funded Southwest Council of La Raza stated that, “without the Ford Foundation’s commitment to a strategy of national and local institution-building the Chicano movement would have withered away in many areas...” Foundation critic, Linda Chavez, wrote that the “Ford Foundation virtually created the infrastructure of the contemporary Hispanic policy movement.” But, unfortunately, Chavez argues, the “Ford Foundation has created a cadre of ethnic power brokers rather than legitimate representatives of the Hispanic community,” whose policies on group rights and language rights benefit neither the majority of Hispanics nor the country as a whole.

In any case, whether one favors or opposes such policies in a normative sense—empirically there is no doubt that the policies fostered by money from some foundations (including Rockefeller as well as Ford and others) represent a direct challenge to the core values of the traditional American regime (e.g., individual rights, and the civic assimilation of immigrants to the dominant cultural mores). In Professor Ceaser’s terms they are not simply routine “policy issues” but “regime questions.” For example, Professor Robert Bach authored a major Ford Foundation report that advocated the “maintenance” of ethnic immigrant identities and attacked assimilation, suggesting that it fostered homogeneity—indeed, that it may be “the problem” in America. Whether or not the civic assimilation of immigrants into the American mainstream is a good thing or bad thing, it is not a “split the difference” policy question like fiscal policy or infrastructure funding, but ultimately a question of regime maintenance or regime transformation. Clearly, the Ford Foundation’s Bach report denigrating assimilation promotes regime transformation and weakens regime perpetuation.

Conclusion

The Reece Committee raised core philosophical questions of the relationship of philanthropy to the American regime. As noted, it painted with too broad a brush and was often clumsy;

but it nevertheless asked questions that should have been answered. Fifty years later it is time, once again, to raise the core questions presented by the Reece Committee.

What is the purpose of tax-exempt foundations? Why are they afforded a tax exemption? Given these special privileges: what is their responsibility to the public? Was the Reece Committee right or wrong in stating that: “Fundamental to the entire concept of tax exemption for foundations is the principle that their grants are to be primarily directed to strengthening the structure of the society which creates them?” Or, is it in the public interest to permit tax-exempt foundations to fund anything that is not specifically prohibited by law? In this view, tax-exempt institutions have the right to fund projects promoting the explicit abolition the U.S. Constitution and Bill of Rights; the establishment of Sharia (or Islamic law) for the United States; the establishment of an American communist, fascist, or racist regime; and the suppression of ethnic and religious minorities.

Non-tax exempt institutions currently have the right to advocate all of the positions listed above under the free speech and free expression provisions of the Constitution. This is not the issue at hand. The issue is whether tax-exempt institutions have those rights as well. What should distinguish the rights of tax-exempt institutions from non-tax exempt institutions besides a prohibition on direct partisan politics? Is everything on the table for tax-exempt foundations? If not, what (if anything) should be proscribed?

There is a tendency among some, to suggest that the American regime is —or, more accurately, should be, (since this is a normative rather than an empirical claim)—a completely “open society” and thus “tolerant” of all philosophies and ideologies. If this is true, the regime’s cultural and political realms, are, by definition, porous and everything is, indeed, “on the table.” I would call this tendency “Weimarite,” after the German Weimar Republic of 1919-1933, which prided itself on being an absolutely “open society.” However, dominated by a rigid and technical legalism (as opposed to justice and the rule of law) the Weimar legal regime refused to suppress Nazi and Communist subversion; proved incapable of defending itself from internal enemies; and ultimately succumbed to dictatorship.

In *Liberal Democracy and Political Science*, James Ceaser is critical of some practitioners of the “new normativism” in the field (e.g., John Rawls and Robert Nozick) because they elevate one particular value (such as equality, justice, or liberty) over all other values, and ignore the serious issues of balance facing actual political regimes. This was one of the major mistakes of the Weimar elite. They exalted one value (in their case, extreme civil liberties) over all other (and equally important regime values such public order and safety) and even, in the end, at the expense of regime survival. Despite the failure of the Weimar republic, many of its ideas live on. Certainly, one hears neo-Weimarite arguments on civil liberties in today’s debates on homeland security in a post-9/11 world.

All of this leads to the crucial issue of: what is the relationship of philanthropy to the American regime? Clearly, philanthropy has, in the past, addressed regime questions. Let us not pretend otherwise. Let us have this debate clearly and openly within the philanthropic community. At the same time, after fifty years, it is time for the Congress to take another look at the deeper issues of the role of foundations in American life. This means examining not simply the narrow financial questions of possible monetary malfeasance, but the larger questions of purpose, philosophy, and regime perpetuation vs. regime transformation. The goal of a new Congressional investigation would be to facilitate the transparency of tax-exempt foundations and to foster a debate within philanthropy, not to devise new proscriptions on activities, although reforms should not be precluded. Put otherwise, the goal of a new Congressional investigation would be to concentrate the mind of the foundations upon their responsibility to the public in working to perpetuate the American regime.

To answer this paper’s title—Yes, after fifty years it is time for a fundamental philosophical re-examination by the Congress of the proper relationship of philanthropy to the American regime.

