## TAX-EXEMPT FOUNDATIONS

#### **HEARINGS**

BEFORE THE

# SELECT COMMITTEE TO INVESTIGATE TAX-EXEMPT FOUNDATIONS AND COMPARABLE ORGANIZATIONS

#### HOUSE OF REPRESENTATIVES

EIGHTY-SECOND CONGRESS SECOND SESSION

ON

H. Res. 561

WASHINGTON, D. C.

NOVEMBER 18, 19, 20, 21, 24, 25, DECEMBER 2, 3, 5, 8, 9, 10, 11, 15, 22, 23, AND 30, 1952



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON: 1953

25677

# SELECT COMMITTEE TO INVESTIGATE TAX-EXEMPT FOUNDATIONS AND COMPARABLE ORGANIZATIONS

EUGENE E. COX, Georgia, Chairman

BROOKS HAYS, Arkansas AIME J. FORAND, Rhode Island DONALD L. O'TOOLE, New York RICHARD M. SIMPSON, Pennsylvania ANGIER L. GOODWIN, Massachusetts B. CARROLL REECE, Tennessee

HAROLD M. KEELE, General Counsel

11

## CONTENTS

		Page
Hous	e Resolution 561	1
State	ement of—	
	Aldrich, Malcolm Pratt, president, Commonwealth Fund	403
	Andrews, F. Emerson, staff member, Russell Sage Foundation	19, 83.
. 1	Barkin, Solomon, director of research, Textile Workers Union of	649
-	AmericaBarnard, Chester I., consultant to the Rockefeller Foundation	555
- 1	Bush, Vannevar, president, Carnegie Institution of Washington	149
i	Bogolepov. Igor	673
j	Bogolepov, IgorBudenz, Louis Francis, faculty member, Fordham University and Seton Hall University	716
	Hall University	569
]	Dollard, Charles, president, Carnegie Corp. of New York	323
]	Eurich, Alvin C., vice president, Fund for the Advancement of Education	308
. 1	Field, Marshall, president, the Field Foundation	436
	Ford, Henry, II, chairman of trustees, Ford Foundation, and president, Ford Motor Co	218
	Gaither, H. Rowan, Jr., associate director, Ford Foundation	195
	Gellhorn, Walter, professor of law, Columbia University	735
	Hahn, Maxwell, director and secretary, the Field Foundation	436
	Hoffman, Paul G., president and director, Ford Foundation	8, 648
,	of Education	2
	Hutchins, Robert M., associate director, Ford Foundation	263
	Johnson, Joseph E., president, Carnegie Endowment for International	572
	Johnson, Manning, consultant, Investigation Section, Immigration and Naturalization Service, United States Department of Justice	704
	Josephs, Devereux C., president, New York Life Insurance Co., trustee, Carnegie Corp	380
	Katzner, J. Benjamin, Baltimore, Md.	645
1	Kohlberg, Alfred, director, American Chinese Policy Association, and	
	officer of American Jewish League Against Communism	651
× 1	Leffingwell, Russell C., chairman, board of trustees, Carnegie Corp.	369
,	of New York	309
	United States Department of Justice	689
	Middlebush, Dr. Frederick, president, University of Missouri	105
7	Moe, Henry Allen, secretary, John Simon Guggenheim Memorial	601
	Myers, Elkan R., president, Associated Jewish Charities of Baltimore, Baltimore, Md	640
	Myers, William I., dean, New York State College of Agriculture, Cor- nell University1	23, 141
	Reid, Ira D. A., professor of sociology, Haverford College	729
	Rockefeller, John D., III	565
	Rose, Milton Curtiss, secretary, William C. Whitney Foundation Rosenfeld, Moses W., attorney, Blades & Rosenfeld, Baltimore, Md	411 623
	Rusk, Dean, president, The Rockefeller Foundation, and president, The	
7	General Education Board 475, 50 Simmons, James Stevens, dean, Harvard School of Public Health	97, 647 85
	Sloan, Alfred P., president, Sloan Foundation	453
	Straight, Michael Whitney, president, William C. Whitney Foundation.	
	Sugarman, Norman A., Assistant Commissioner of Internal Revenue	55
	Wriston, Dr. Henry M., president, Brown University	163
ŝ	Young, Donald, general director. Russell Sage Foundation	383

Comments, statements, and letters:  Babb, Jervis J., Lever Bros. Co., New York, N. Y., letter of November	P
14, 1952 Bell, Boyd, Marshall & Lloyd, Chicago, Ill., letter of November 17,	,
Branscomb, Harvie, chancelor, Vanderbilt University, letter of November 8, 1952	
Flexner, Abraham, letter of December 15, 1952	-
Fosdick, Raymond B., former president, the Rockefeller Foundation,	
comments by	- 1
Griswold, Erwin N., dean, Law School of Harvard University, letter of November 14, 1952	,
20, 1952	,
Jones, Mark M., consulting economist—The Place of Foundations	9
Nason, John W., president, Swarthmore College, letter of December 22, 1952	,
Regulation of Charitable Corporations, digest of a manuscript by Elea- nor K. Taylor	
Ruml, Beardsley—Notes on Certain Foundation Problems	
Turck, Charles J., president, Macalester College, St. Paul, Minn., letter	1
of November 4, 1952 Wilson, Robert R., Standard Oil Co. (Indiana), letter of November 4,	1
1952 Exchange of correspondence with John Foster Dulles:	
Keele, Harold M., counsel for the committee, letter of December 25,	
1952 to John Foster Dulles	
Dulles, John Foster, telegram of December 27, 1952	
Miscellaneous data submitted to the committee by-	
Bureau of Internal Revenue:	
Exemption application for use of religious, charitable, scientific,	
literary, or educational organizations	
Internal Revenue Code (except under subsec. 6)	
Return of organization exempt from tax under section 101 (6) of	
Internal Revenue Code	
Exempt organization business income tax return	
Ford Foundation:	
Letter of December 12, 1952—Correction of testimony of Paul G.	
Report of the trustees of the Ford Foundation, September 27, 1950.	
Hollis, Ernest V.:	
Evolution of the Philanthropic Foundation, by Ernest Victor	
Hollis, article from the Educational Record of October 1939	
Federal Security Agency, Office of Education, letter of November	
18, 1952, to Harold M. Keele, chief counsel	
Keele, Harold M., chief counsel:	
Resolution of December 17, 1952—Appointment of subcommittee— Resolution of December 22, 1952—Appointment of subcommittee—	
Resolution of December 22, 1932—Appointment of subcommittee_ Resolution of December 23, 1952—Appointment of subcommittee_	
The Ford Foundation Teacher Education Proposal to Arkansas—	
A statement by the American Association of Colleges for	
Teacher Education, Chicago, February 1952	
Timid Billions—Are the Foundations Doing Their Job?—Article	
by Edwin R. Embree, from Harper's magazine, March 1949	
Rockefeller Foundation:	
Letter of December 12, 1952—Correction of testimony of Dean Rusk	
Refutations and rebuttals:	
Emerson, Thomas I., School of Law, Yale University, letter of	
December 26, 1952	
Foreman, Clark, telegram of December 31, 1952	
Garrison, Lloyd K., telegram of December 30, 1952	

CONTENTS

	ations and rebuttals—Continued
H	In Maxwell, director, The Field Foundation, Inc., letter of December 29, 1952
	teele, Harold M., general counsel to the committee, letter of January 10, 1953, to Clark Foreman, in answer to telegram received December 31, 1952
L	evine, Isaac Don, statement of
M	Ialkin, Maurice, letter regarding previous testimony about Michael
S	traight, Michael, letter of December 23, 1952
	Vriston, Henry M., president, Council on Foreign Relations, Inc., letter of December 30, 1952
	ionnaires submitted to foundations and similar organizations by the unittee:
Q	uestionnaire submitted to foundations with assets of \$10,000,000 or more
Q	uestionnaire submitted to a selected group of foundations with assets of less than \$10,000,000
. Q	uestionnaire submitted to a selected group of organizations that re- ceive a large portion of their funds from the foundations