

TAX-EXEMPT FOUNDATIONS

MONDAY, MAY 10, 1954

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

The special committee met at 10 a. m., pursuant to notice, in room 1301 of the House Office Building, Hon. Carroll Reece (chairman of the special committee) presiding.

Present: Representatives Reece, Wolcott, Goodwin, Hays, and Pfost.

Also present: Rene A. Wormser, general counsel; Arnold T. Koch, associate counsel; Norman Dodd, research director; Katharyn Casey, legal analyst; and John Marshall, Jr., chief clerk of the special committee.

The CHAIRMAN. The committee will come to order.

This is the first session of this special committee. This committee was created by House Resolution 217 of the 83d Congress, 1st session, which resolution describes its purposes as follows:

The committee is authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine if any foundations and organizations are using their resources for purposes other than the purposes for which they were established, and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities; for political purposes; propaganda, or attempts to influence legislation.

If agreeable I would like to ask the reporter to insert the entire resolution in the record for information.

(The resolution is as follows:)

[H. Res. 217, 83d Cong., 1st sess.]

RESOLUTION

Resolved, That there is hereby created a special committee to be composed of five members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from Federal income taxation to determine if any foundations and organizations are using their resources for purposes other than the purposes for which they were established, and especially to determine which such foundations and organizations are using their resources for un-American and subversive activities; for political purposes; propaganda, or attempts to influence legislation.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) on or before January 3, 1955, the results of its investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee, or any duly authorized subcommittee thereof, is authorized to sit and act during the present Congress at such times and places and within the United States, its Territories, and possessions, whether the House is in session, has recessed, or has adjourned, to hold hearings, administer oaths, and to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

Upon the passage of this resolution, the Sergeant at Arms of the House is authorized and directed to ascertain the location of all books, papers, files, correspondence, and documents assembled by the former select committee under H. Res. 561, Eighty-second Congress, and take same into his custody, depositing such records with the Clerk under rule XXXVI. The Clerk of the House is hereby authorized to loan such records and files to the special committee established by this resolution for the official use of the special committee during the Eighty-third Congress or until January 3, 1955, when they will be returned in accordance with said rule.

The CHAIRMAN. The study assigned to the committee is one of great importance. A similar committee had been appointed by the House during the previous Congress. I shall refer to it as the Cox committee. The time allotted to the Cox committee was short and inadequate. The present committee was created largely because of this, in order that the work of studying the foundations might be continued to a greater degree of thoroughness.

Because of the limitations of time and finances, we have decided at this stage to confine ourselves to only some sections of the general subject of foundations.

The term encompasses many types of institutions, such as universities, hospitals, churches, and so forth, except where peculiar circumstances dictate we shall limit our study to foundations as the term connotes ordinarily in the public mind. A definition is difficult, but to name examples of such institutions, such as the Rockefeller Foundation, the Ford Foundation, and the Carnegie Foundation will illustrate what we shall ordinarily mean when we use the term "foundations" in these proceedings.

Moreover, and again with an occasional exception, we shall chiefly confine our attention to the work of foundations in what are called the social sciences. Little criticism has come to us concerning research or other foundation activities in the physical or exact sciences, such as medicine and physics. We shall of course consider breaches of law, and abuses of what may be desirable conduct wherever we find them. We deem our function to be essentially and primarily factfinding.

The committee is unanimous in believing that foundations are desirable institutions, that they have accomplished a great amount of benefit for the people of our country, and that nothing should be done to decrease their effectiveness. There have been indications, however, that foundations have not at all times acted in the best interests of the people. This may sometimes happen by intention, but far more often probably by negligence. Sometimes, also, there seem to be certain weaknesses in the very structure or conventional operation of foundations as an institution which readily permit them to fall into sometimes accidental and unintended, but serious error. As some of these errors can be very serious and often fatal, it is our objective to try to seek out causes and reasons to the end, first, of disclosing pertinent material of which the foundations themselves may not always be aware;

and, two, of enabling them in consequence to take steps to avoid such errors in the future; and, three, permitting Congress to consider whether any remedial steps may be necessary or desirable.

There are, I believe, something like 7,000 organizations of the kind we refer to as foundations, and I believe they control some \$7½ billion of capital, of which a handful of these foundations control about one-third. The size of the financial power which they wield measures the gravity of the problem involved. Moreover, stimulated by our high tax rates, more and more foundations are being created, and it is probable that the aggregate foundation control in the country will increase enormously in the ensuing years.

If we shall not spend much time in exposition of what great amount of good the foundations have admittedly done, it is because we deem it our principal duty fairly to seek out error. It is only through this process that good can come out of our work. It will be for Congress, the people, and the foundations themselves to judge the seriousness of such error, and to judge also what corrective means, if any, should be taken. Our intention has been, and I wish to make this doubly clear, to conduct an investigation which may have constructive results, and which may make foundations even more useful institutions than they have been.

In that statement, I have undertaken to set out the general purposes of the work of the committee.

The counsel has submitted some suggested rules of procedure, which have been sent to the members of the committee. Do the members of the committee feel that those rules are acceptable, or are there others you wish to prefer? If not, we can say they are adopted. What is your position?

Mr. HAYS. I do not see anything objectionable, but there might be something we might want to add to them. We can consider them adopted with the privilege of amending.

The CHAIRMAN. Without objection, then, the rules of procedure suggested by the committee will be adopted.

Mr. GOODWIN. The only suggestion I have, Mr. Chairman, is No. 1, with reference to a quorum, "one member of each political party." I assumed that there would be no politics in this investigation, and I would be satisfied if that said, "one member of both the majority and minority," just to leave the word "political" out.

The CHAIRMAN. I think that that suggestion is a good one.

Mr. HAYS. I have no objection.

The CHAIRMAN. With that modification, the rules, without objection, will stand as adopted, and if there are copies of these available for the press, of course the press will be entitled to have them, and they will be embodied in the proceedings.

(The rules of procedure are as follows:)

RULES OF PROCEDURE

The following rules have been adopted by the committee:

1. Executive and public hearings

A. General provisions: No hearing, either executive or public, shall be held unless all members of the committee have been notified thereof and either a majority of the members, or one member of both majority and minority membership is present.

B. Executive hearings:

i. If a majority of the committee believes that the interrogation of a witness in a public hearing might unjustly injure his reputation or the reputation of other individuals, the committee shall interrogate such witness in a closed or executive session.

ii. Attendance at executive sessions shall be limited to members of the committee, its staff, and other persons whose presence is requested, or consented to, by the committee.

iii. All testimony taken in executive sessions shall be kept secret and shall not be released or used in public sessions without the approval of a majority of the committee.

C. Public hearings: All other hearings shall be public.**2. Subpenaing of witnesses**

A. Issuance of subpoenas: Subpoenas shall be signed and issued by the chairman of the committee, or any member of the committee designated by said chairman.

B. Service of subpoenas: Every witness shall be subpoenaed in a reasonably sufficient time in advance of any hearing in order to give the witness an opportunity to prepare for the hearing and employ counsel, should he so desire.

3. Testimony under oath

All witnesses at public or executive hearings who testify as to matters of fact shall give all testimony under oath or affirmation. Only the chairman or a member of the committee shall be empowered to administer said oath or affirmation.

4. Advice of counsel

A. At every hearing, public or executive, every witness shall be accorded the privilege of having counsel of his own choosing.

B. The participation of counsel during the course of any hearing and while the witness is testifying shall be limited to advising said witness as to his legal rights. Counsel shall not be permitted to engage in oral argument with the committee, but shall confine his activity to the area of legal advice to his client.

5. Statement of witness

A. Any witness desiring to make a prepared or written statement for the record of the proceedings in executive or public sessions shall file a copy of such statement with the counsel of the committee within a reasonable period of time in advance of the hearing at which the statement is to be presented.

B. All such statements so received which are relevant and germane to the subject of the investigation and of reasonable brevity may, upon approval, at the conclusion of the testimony of the witness, by a majority vote of the committee members present, be inserted in the official transcript of the proceedings.

6. Witness fees and travel allowance

Each witness who has been subpoenaed, upon the completion of his testimony before the committee, may report to the office of the clerk of the committee, room 103, 131 Indiana Avenue NW., Washington, D. C., and there sign appropriate vouchers for travel allowances and attendance fees upon the committee.

7. Transcript of testimony

A. A complete and accurate record shall be kept of all testimony and proceedings at hearings, both in public and in executive session.

B. Stenographic transcripts of the testimony, when completed by the public reporter, will be available for purchase by all those who may be interested in procuring same.

The CHAIRMAN. The general counsel of the committee is Mr. Rene Wormser, and associate counsel is Mr. Arnold Koch. The director of research is Mr. Norman Dodd.

Mr. Wormser, what do you suggest this morning?

Mr. WORMSER. Mr. Chairman, by informal agreement with the committee, we have suggested that Mr. Dodd take the stand first, in order to give the committee a sort of full report of the direction which our research has taken, and the reasoning behind the various steps

in research, and also to give those interested, the public and the foundations themselves, some idea of what our main lines of inquiry in this investigation will be.

There are many what you might call collateral lines of investigation, and comparatively minor matters into which we may probably go, depending upon time. But I have asked Mr. Dodd to take the stand to give you what I think can safely be called our main lines of inquiry.

With your permission I would like to put Mr. Dodd on the stand.

The CHAIRMAN. Mr. Dodd, will you take the stand.

Do we have copies of his statement?

Mr. WORMSER. It has been physically impossible to get them out in final form at this moment. If you desire them, we can in the course of the afternoon prepare them for you.

The CHAIRMAN. I understood they would be available this morning.

Mr. WORMSER. Counsel did not have time to read them. It has been quite an effort to get this done so fast. We can have the necessary corrections made, and have it ready tomorrow morning, anyway. Miss Casey thinks we can have it ready this afternoon.

Mr. HAYS. Mr. Chairman, is there an agenda available at what witnesses will be called during the balance of the week and next week?

The CHAIRMAN. As I understand, Mr. Wormser expects Mr. Dodd to consume, in the scope of his portion of the committee's operation, this morning's session, and tomorrow morning's session, and possibly Wednesday morning's session, and that when Mr. Dodd completes his statement, then we will go over until, if agreeable with the committee, next Monday, so that Mr. Dodd will be the only witness for this period.

All right, Mr. Dodd.

Without objection, I think it is the understanding of the committee that all of the witnesses will be sworn. Will you raise your hand?

I do solemnly swear.

Mr. DODD. I do solemnly swear.

The CHAIRMAN. The testimony I shall give shall be the truth.

Mr. DODD. That the testimony I shall give shall be the truth.

The CHAIRMAN. The whole truth.

Mr. DODD. The whole truth.

The CHAIRMAN. And nothing but the truth.

Mr. DODD. And nothing but the truth.

The CHAIRMAN. So help me God.

Mr. DODD. So help me God.

TESTIMONY OF NORMAN DODD, RESEARCH DIRECTOR, SPECIAL COMMITTEE TO INVESTIGATE TAX EXEMPT FOUNDATIONS

Mr. WORMSER. Mr. Dodd, will you state your full name for the record?

Mr. DODD. Norman Dodd.

Mr. WORMSER. I think that you are sufficiently identified as the director of research for this committee. Will you then tell the committee the story of the direction of research, your approach to the problem, and the various steps which you took in conducting your research, please?

Mr. DODD. I will be very glad to, Mr. Wormser. May I read a brief statement beforehand?

Mr. WORMSER. By all means.

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

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

And finally, I take this opportunity to state that in the degree the following report appears to be critical, I sincerely hope it will be deemed by the committee, foundations, and the public alike, to be constructively so.

It was in this spirit that the work of which this report is a description was undertaken and completed.

Immediately the staff was assembled, studies were initiated to secure a full understanding of the ground which had been covered by the Cox committee, as disclosed in the hearings which it held, the files which it maintained, and the report it rendered.

To determine the dimensions of the subject to be investigated and studied, and to satisfy myself as to the contents and its probable ramification, to define the words "foundation," "un-American," "subversive," "political," and "propaganda," in the sense in which they were used in House Resolution 217, and if possible to dispose of their controversial connotations; to familiarize myself with the expressions of purpose customarily used in foundation charters.

I would like for a moment to go back to the first item which had to do with our effort to understand what the Cox committee had covered, in the way of this subject, and also what its files contained, and mention that one of the first situations or conditions with which we were confronted was the incompleteness of the Cox committee files. That was so marked that we had occasion to report the nature of that incompleteness to Mr. Snader, the Clerk of the House of Representatives.

Mr. Wormser, with your permission, I would like to read the letter which we sent to Mr. Snader as a matter of record.

Mr. WORMSER. Please do, sir. What is the date of that letter?

Mr. DODD. This letter is dated January 26, 1954, and it was forwarded to Mr. Snader by Mr. McNiece, our assistant research director, who devoted a portion of his time to an intense study of these files. This letter is to Mr. Snader, and from Mr. McNiece:

On December 1, 1953, Mr. John Marshall and I visited you in your office to discuss the condition of the files of the Cox committee, as they were turned over to us. At this time we advised you that in our opinion the files were not complete, and it was understood that we would write you at a later date. We are now in a position to give some definite, but not necessarily complete, information on this subject.

A cumulative list of tax-exemption organizations, published by Internal Revenue Bureau: We have been advised that the foregoing publication of 1950 and the 1952 supplement were used as a check list in making up the mailing list for questionnaires submitted by the Cox committee. These publications are definitely missing from the files.

Large questionnaires: The Cox committee designed three sets of questionnaires, namely, "large" form A and form B. The large questionnaires were sent to a specially selected list of foundations, with large endowments. This list comprised about 50 of the large foundations, and questionnaires in duplicate were received from them. One complete set of these 50 duplicate questionnaires is missing from the files.

Hearing files: An index in one of the filing drawers is labeled "Hearing file," and we have no way of knowing positively what was in this section, but we have reason to believe that considerable material should have been in there. As received it contained very little, and some of the indexed folders were completely empty.

Statistical summaries: We know that considerable statistical work was done over a period of about 4 months, but we have found no statistical material whatever in the files.

Reports of interviews: In its final report, the Cox committee states that it "interviewed personally more than 200 persons deemed to possess pertinent information."

We would assume that a record of these interviews covering pertinent information should be found in the files. We have found very little material that would conform to this description.

Prepared statements: The Cox committee in its final report says that it had received the prepared statements of approximately 50 other persons deemed to have had some knowledge of the subject. We find relatively little material of this nature in the files. As outlined to you in our conversation, we are calling this to your attention, because we wish to have it understood that we cannot assume responsibility for such material as may be missing from the files as loaned to us.

The CHAIRMAN. I think that that is very pertinent, especially in view of the fact that this committee now has the responsibility for those files, and it is well for it to become part of the record, that all of the files were not in the custody of the Clerk of the House of Representatives when this committee was formed, and the committee took over only such files as were in his custody at the time.

Does the committee have any other comment?

Mr. HAYS. Does the witness intend to attach some special significance to this, or is it just merely a report of what this committee obtained?

Mr. DODD. May I answer, sir?

Mr. HAYS. Yes.

Mr. DODD. No significance; merely a matter of record and for purposes of protection on the basis we assumed we were responsible for them, Mr. Hays.

Mr. HAYS. I notice in the opening paragraph, and perhaps the second paragraph, it says, "In our opinion the files were incomplete." It seems to me an inventory of what we received would be about as much authority as we have over these files, one way or the other.

Mr. DODD. We were concerned with identifying, as best we could, the nature of the material that was missing, rather than just taking an inventory of what was there.

The CHAIRMAN. You may proceed.

Mr. DODD. Simultaneously, I undertook additional studies, one to determine the validity of the criticism which had been leveled against the work done by the Cox committee, and two, to substantiate or disprove the prevalent charge that foundations were guilty of favoritism in the making of educational grants, and three, to examine the

charge that as a result of this favoritism, a few selected universities and scholars had been able to dominate the field of research to their own advantage. Finally, it was to prove or disprove the accusations that foundations had been responsible for a deterioration in the standards to which our scholars and teachers had previously conformed.

Once the aforementioned studies had been completed, keeping in mind the 5 determinations which the committee had been directed to make, we concluded that the dimensions of the subject to be investigated and studied were some six to seven thousand foundations, capital resources approximating \$7½ billion, annual disbursements in the form of grants amounting to at least \$300 million, a time span of 50 years—that is, from 1903 to 1953—and a number of grants conservatively estimated at 50,000, with approximately 15 percent of these funds concentrated in ½ of 1 percent of the number of foundations, specifically Carnegie and Rockefeller, which happened to be the oldest.

In content, I discovered the subject included grants for every form of charity, and support of research, within the limits of the arts, the sciences, and the religions and the philosophies, and the many subdivisions of these well-known disciplines.

It also embraced grants to cover the cost of such physical facilities as school and university buildings, hospitals, churches, settlement houses, homes for recuperation, libraries and art galleries, and the permanent collections housed in each.

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

I might mention here, Mr. Wormser, that out of many of the statistical compilations which we indulged in, we were able to graphically portray the growth of foundations, the growth of their capital resources, which show a marked growth and tend to support the chairman's opening statement that these could be expected to continue to grow from this point on.

The CHAIRMAN. Is that too extensive to be included in the record?

Mr. DODD. That is a rather long report, Mr. Chairman, of the method we used to arrive at these estimates, but it certainly could be included in the record, if you would like.

Mr. WORMSER. I suggest that it would be very valuable, Mr. Chairman to have it included.

Mr. HAYS. What is this again?

Mr. DODD. It is a description, Mr. Hays, of the manner in which we had to resort for a reasonable working estimate of the number of foundations, the size of their resources, the rate at which they had grown since roughly 1903, and the rate at which the capital resources of foundations had grown on an accumulative basis.

Mr. WORMSER. Would you like it read, Mr. Chairman?

Mr. HAYS. As I understand, it is a description of how the staff went at estimating the field that they had to work in, and it is completely factual and no opinions.

Mr. DODD. No opinions.

Mr. HAYS. All right, I have no objection.

The CHAIRMAN. Without objection, it will be embodied in the record.

(The statement is as follows:)

CAPITAL VALUES AND GROWTH OF CHARITABLE FOUNDATIONS

It is apparent from the Cox committee hearings and from the available literature on the subject that there is relatively little information from which the magnitude and growth of charitable foundations can be judged.

It seems rather illogical to devote serious and extended consideration to this complex problem without having some idea of the number, size, and characteristic of these charitable organizations that must exert such a great influence on our social and economic life.

The Russell Sage Foundation has published some excellent studies in which the actual data available have been limited to a relatively small number of foundations.

The Cox committee reported that it had sent questionnaires to more than 1,500 organizations. Based on the record in the files, there was a return from approximately 70 percent of these organizations. These returns have provided the basis for the analysis in this report.

The Internal Revenue Bureau every 4 years publishes a list of tax-exempt organizations in the United States. In the intermediate 2-year period a supplement is published. The latest major list is revised to June 30, 1950, and the supplement to June 30, 1952. These are the latest lists available at the present time and it will be some time after midyear of this year before a new list is available. It so happens that there is quite a close agreement between these publication dates just mentioned and the effective dates of the questionnaires from the Cox committee. A large number of them were as of December 31, 1951, and a small number at the end of some fiscal period prior to 1952.

Analysis of this Internal Revenue Bureau list indicates that as of this period there were approximately 38,000 tax-exempt organizations in the United States. A sampling of the pages in an attempt to identify foundations included in this list indicated that there may be an approximate total of 6,300 out of the 38,000 organizations that might be called foundations. We believe that we are within close limits of accuracy if we state that there are between 6,000 and 7,000 foundations in existence as of this period.

ACCURACY OF DATA AND DERIVED ESTIMATES

It should be realized that the ensuing tabulations cannot be accurate from the standpoint of good accounting standards. A large proportion of the small foundations is not endowed but derives its capital from recurring contributions. Some endowments are reported at book value and others at market value. These must be accepted as reported. It is believed that the greater part of the total value is based on market value. In the case of foundations with capital of \$10 million and over, essentially all are endowed.

The questionnaires included in the analysis are of two types: the large and form A as described by the Cox committee. Of the total of 952 included in the financial summaries, 65 cover foundations with capital in excess of \$10 million and 887 of less than \$10 million capital. Approximately 150 of the form A questionnaires were excluded from the financial summaries because information on capital, income, or both were omitted from the answers returned. These were included, however, in the numerical growth data.

In the tabulations of capital, endowment capital and current contributory capital are added to obtain total values.

ESTIMATED TOTAL VALUES

Data from 46 of the large foundations as included in this tabulation were covered by the large questionnaires. These are the big-name foundations and were specifically and individually selected as such by the Cox committee. The total values applying to this group were included without change in the grand totals.

Nineteen foundations with capital in excess of \$10 million were included in the tabulations with the 887 that are under \$10 million because nearly all of these were included with a form A questionnaire. This makes 906 questionnaires included in the form A group and these are considered to be about 15 percent of the total remaining foundations in the Bureau of Internal Revenue list as previously mentioned.

For this reason, the actual values in this group of 906 were multiplied by 6.66 to arrive at a total capital value of the foundations estimated to be in the Internal Revenue Bureau tax-exempt list. This estimate is considered to be on the conservative side and in any event sufficiently accurate as a good indication of growth trends and total values involved.

FINANCIAL CLASSIFICATION OF FOUNDATIONS

The financial classification of the foundations made in accordance with the foregoing remarks is shown in table I. The first 3 columns show the actual results derived from the questionnaires, the last 2 show the estimated total values for each size classification listed. The values shown in the last 2 columns are 6.66 times their respective values in the 2 prior columns except for the 46 large ones and the resulting grand total as previously mentioned.

TABLE I

[In thousands of dollars]

Endowment classification, ¹ Form A questionnaires	Number of foundations	Total endowment ¹	Total income	Adjusted endowment ¹	Adjusted income
Less than \$50,000.....	379	6,198	5,510	41,277	36,698
\$50,000 to \$99,999.....	99	7,076	1,895	47,248	12,622
\$100,000 to \$249,999.....	125	19,348	5,389	128,885	35,889
\$250,000 to \$499,999.....	87	29,107	5,430	193,850	36,162
\$500,000 to \$749,999.....	34	20,604	3,355	137,221	22,343
\$750,000 to \$999,999.....	30	25,365	4,133	168,938	27,526
\$1,000,000 to \$9,999,999.....	133	358,368	43,509	2,586,530	289,769
\$10,000,000 and over.....	19	304,882	17,667	2,029,405	117,660
Total, Form A.....	906	800,948	86,888	5,333,319	578,669
Large questionnaires.....	46	2,129,746	96,062	2,129,746	96,062
Grand total.....	952	2,930,694	182,950	7,463,065	674,731
Total, \$10,000,000 and over.....	65	2,434,623	113,729	4,159,141	213,722

¹ "Endowment classification" includes endowments as well as contributions to nonendowed or "contributory" foundations that were on hand as of end of calendar or fiscal year 1951.

Adjusted data include total endowment and income reported on Form A questionnaires multiplied by 6.66 because the 906 questionnaires included in the summary are estimated to be 15 percent of those included in the tax-exempt list.

It will be noted that the estimated total capital for the foundations is nearly \$7.5 billion and total annual income nearly \$675 million. Both of these figures will be subject to considerable variation from year to year, in part because of the proportion of "contributory" foundations in the smaller groups and because of varying earnings between good years and bad.

The proportions or percentages of foundations, their capital and their income in each capital classification as well as the percentage of income to capital in each class are shown in table II.

TABLE II.—Percentage distribution

Endowment classification, Form A questionnaires	Percent of total number	Percent of adjusted endowment	Percent of adjusted income	Income as percent of capital
Less than \$50,000.....	39.8	0.5	5.4	89.2
\$50,000 to \$99,999.....	10.4	.7	1.9	26.7
\$100,000 to \$249,999.....	13.2	1.7	5.3	27.8
\$250,000 to \$499,999.....	9.1	2.6	5.4	18.7
\$500,000 to \$749,999.....	3.6	1.8	3.3	16.2
\$750,000 to \$999,999.....	3.1	2.3	4.1	16.3
\$1,000,000 to \$9,999,999.....	14.0	34.7	43.0	11.5
\$10,000,000 and over.....	2.0	27.2	17.4	5.8
Total, Form A.....	95.2	71.5	85.8	10.8
Large questionnaires.....	4.8	28.5	14.2	4.5
Grand total.....	100.0	100.0	100.0	9.0
Total, \$10,000,000 and over.....	6.8	55.7	31.6	5.1

It is of interest to note that the foundations of less than \$50,000 capital are shown to comprise about 40 percent of the total foundations, 0.5 percent of the capital and 5.4 percent of the income with a ratio of income to capital of 89.2 percent. These strange ratios result from the fact that these small foundations are largely of the nonendowed or contributory type and receive frequent contributions of cash from creators and friends. Since much of their income is currently expended the ratio of income to capital is very high.

At the other extreme are the large foundations of capital of \$10 million and over. These account for 7 percent of the number, 56 percent of the endowment, and 32 percent of the income. Some cash contributions are occasionally received by these and their ratio of income to endowment is about 5 percent.

An interesting feature of this table is that the ratio of income to capital decreases quite steadily as the capital classification increases as would be expected from the foregoing remarks. This decrease is evident in the last column of table I.

The great increase in foundations created in the decade of 1940-49 is featured by the large percentage of small foundations which in turn and as previously stated are composed of a higher percentage of nonendowed or contributory foundations. Based on the answers to the Cox committee questionnaires, the following comparative figures apply:

Nonendowed foundations created:	Percent of total
Decade 1930-39.....	12.5
Decade 1940-49.....	27.5

CHARACTERISTIC DATA ON LARGE FOUNDATIONS

Table III which follows shows data applying to the 65 foundations whose capital is \$10 million and over:

TABLE III

Number of foundations.....	65
Original capital ¹	\$590,752,000
1951 capital ¹	\$2,434,628,000
Ratio 1951 capital to original capital.....	4.1
Average annual total income, 1946 to 1951, inclusive.....	\$113,729,000
Ratio annual income to 1951 capital.....	4.7
Cash on hand, 1951.....	\$40,559,000
Cash, percent of income.....	35.7
Perpetual capital life.....	\$1,120,202,000
Limited capital life.....	\$99,777,000
Conditional capital life.....	\$1,214,749,000
Percent perpetual capital life.....	46.0
Percent limited capital life.....	4.1
Percent conditional capital life.....	49.9
Number of corporations.....	46
Number of trusts.....	17
Number of associations.....	2
Number of operating foundations.....	19
Number of nonoperating foundations.....	26
Number of combination foundations.....	20
Average capital per foundation.....	\$37,400,000
Average income per foundation.....	\$1,740,000

¹ Includes capital of endowed and nonendowed foundations.

This table calls for little comment. The slight discrepancy between the figures of 5.1 percent in table II and 4.7 percent in table III for earnings as percent of capital is explained by the larger percentage of "adjusted" earnings estimated for the 19 large foundations included in Form A group as compared with the 46 in the large group.

As previously outlined, contributions to the nonendowed organizations are considered as income and unexpended funds largely constitute the capital in lieu of securities in the portfolios of endowed organizations. This results in a higher ratio of income to capital than prevails in the endowed organizations.

It is also of interest to note the relative proportions of foundation capital included in the perpetual, limited and conditional life classifications.

The endowments of large foundations with definitely limited life comprise only about 4 percent of the total endowments of this large foundation group while the perpetual and conditional groups have 46 percent and 50 percent respectively of the totals. There seems to be very little tendency for the trustees of the conditional life group seriously to reduce their endowments. This might naturally be expected.

The numerical data show the number of foundations created each year and the financial data show the values of the endowments reported for 1951 for the foundations created each year. The accumulated endowments at 1951 values are also shown. The values just described are shown in chart I. There is no appreciable increase or decrease shown in the trend of endowment values added since 1900. The trend is essentially horizontal for these large foundations.

GROWTH OF LARGE FOUNDATIONS

The rate of growth both numerically and in capital values of these large foundations during the last 50 years is shown in table IV.

TABLE IV.—Foundations with capital \$10 million and over (includes only those reporting on questionnaires)

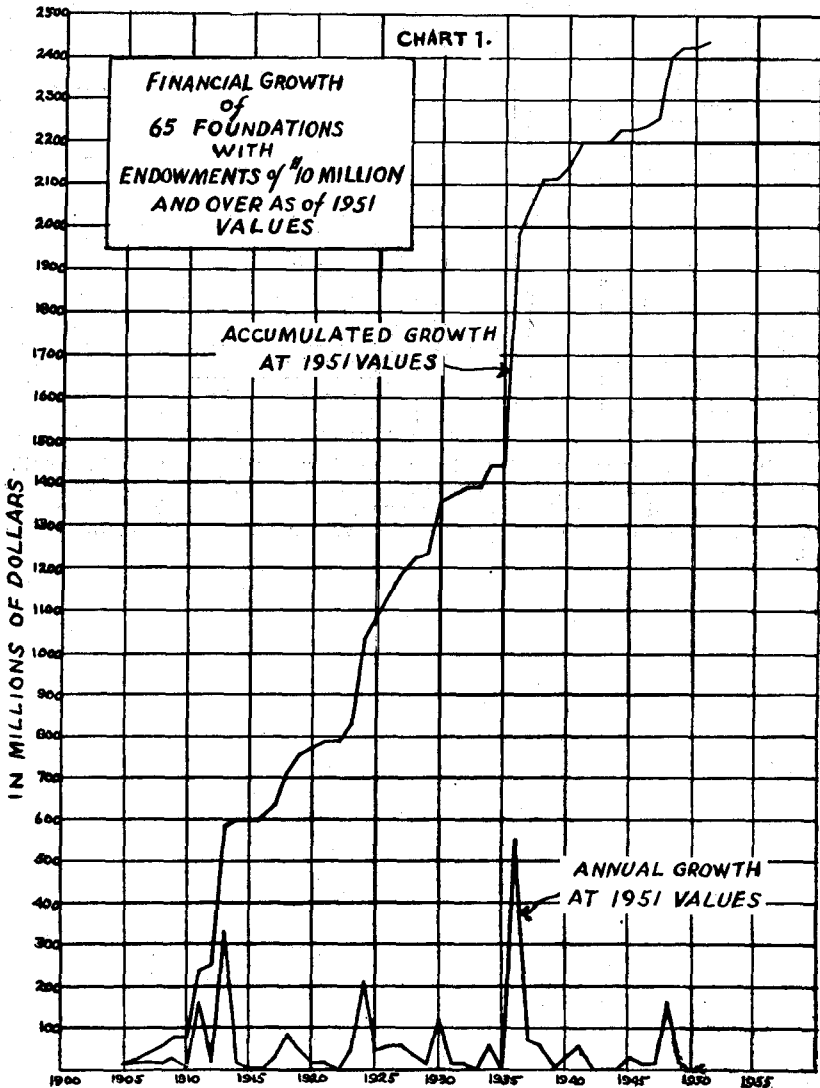
[In thousands of dollars]

Year created	Number created	1951 endowment	1951 accumulated endowment	Year created	Number created	1951 endowment	1951 accumulated endowment
1900				1926	4	\$52,911	\$1,134,103
1901				1927	4	56,814	1,190,917
1902				1928	1	30,239	1,221,156
1903				1929	1	11,699	1,232,855
1904				1930	4	125,369	1,358,224
1905	1	\$11,769		1931	1	12,000	1,370,224
1906	1	10,856	\$22,625	1932	1	15,605	1,385,829
1907	1	16,376	39,001	1933	0		1,385,829
1908	1	13,173	52,174	1934	3	54,383	1,440,212
1909	2	26,662	78,836	1935	0		1,440,212
1910	0		78,836	1936	4	548,409	1,988,621
1911	1	160,897	239,733	1937	2	66,981	2,055,602
1912	1	10,545	250,278	1938	2	57,292	2,112,894
1913	2	335,126	585,404	1939	0		2,112,894
1914	1	17,118	602,522	1940	2	29,334	2,142,228
1915	0		602,522	1941	3	55,120	2,197,348
1916	0		602,522	1942	0		2,197,348
1917	2	28,391	630,913	1943	0		2,197,348
1918	1	81,170	712,083	1944	0		2,197,348
1919	1	44,762	756,845	1945	2	27,291	2,224,639
1920	1	16,673	773,518	1946	1	14,080	2,238,719
1921	1	13,703	787,221	1947	1	14,507	2,253,226
1922	0		787,221	1948	3	154,387	2,407,613
1923	3	41,808	829,029	1949	1	16,817	2,424,430
1924	2	210,418	1,039,507	1950	0		2,424,430
1925	2	41,685	1,081,192	1951	1	10,300	2,434,730
				Total	65		2,434,730

The influence of some of the large foundations of 1951, but shown in the year of their origin, is apparent on the chart. These are shown in the following table:

TABLE V

Foundation	Year founded	Original endowment	1951 endowment
Carnegie Corp.....	1911	\$25,000	\$161
Rockefeller.....	1913	100,000	323
Commonwealth.....	1918	10,000	81
Kresge.....	1924	1,300	79
Duke.....	1924	40,000	131
Kellogg.....	1930	22,000	51
Ford.....	1936	25,000	503
Hayden.....	1937	17,000	52
Pew.....	1948	46,000	105



TAX-EXEMPT FOUNDATIONS

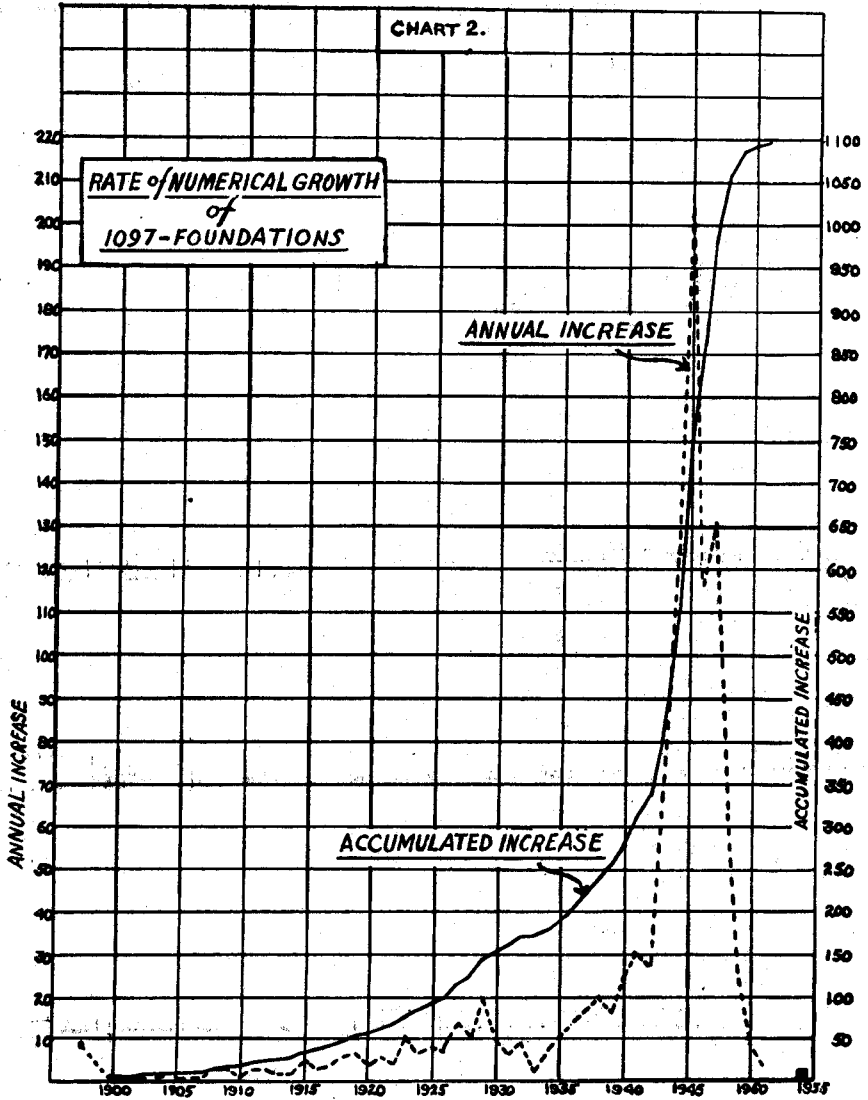
NUMERICAL GROWTH OF 1,097 FOUNDATIONS

The Cox Committee files contained about 1,100 questionnaires. We have classified these numerically according to the year of their origin. The numerical growth of these regardless of type or size is shown for each year since 1900 and the accumulated increase year by year in table VI. These data are also shown in graphic form on chart II. The numerical-growth trend shown in table VI and on chart II is of course confined to the Cox Committee list. It should be reasonably indicative of the growth trend of the whole group of foundations on the tax-exempt list.

TABLE VI

	Number	Accumulated number		Number	Accumulated number
Prior to 1900.....	9		1926.....	7	102
1900.....	0	9	1927.....	14	116
1901.....	0	9	1928.....	10	126
1902.....	0	9	1929.....	20	146
1903.....	1	10	1930.....	10	156
1904.....	0	10	1931.....	6	162
1905.....	1	11	1932.....	9	171
1906.....	1	12	1933.....	2	173
1907.....	1	13	1934.....	7	180
1908.....	3	16	1935.....	10	190
1909.....	3	19	1936.....	14	204
1910.....	1	20	1937.....	17	221
1911.....	3	23	1938.....	20	241
1912.....	3	26	1939.....	16	257
1913.....	2	28	1940.....	25	282
1914.....	2	30	1941.....	30	312
1915.....	5	35	1942.....	27	339
1916.....	3	38	1943.....	76	415
1917.....	4	42	1944.....	123	538
1918.....	6	48	1945.....	206	744
1919.....	7	55	1946.....	116	860
1920.....	4	59	1947.....	132	992
1921.....	6	65	1948.....	70	1,062
1922.....	4	69	1949.....	24	1,086
1923.....	11	80	1950.....	8	1,094
1924.....	7	87	1951.....	3	1,097
1925.....	8	95			

The high peak centering in 1945 is composed preponderantly of the smaller foundations and is apparently a byproduct of a change in the tax laws and of a profitable period in the American economy. Due to the sharp decline from 1945, the trend of the accumulated increase curve has flattened considerably since 1948.



Comparative data on cash and income, supplement to capital values and growth of charitable foundations

	Founded in—	Average income, 1946-51	Cash, 1951	Cash, percent of average income	Average income, percent of 1951 endowment
		Thousands	Thousands		
Altman Foundation	1913	\$498	\$825	165.0	4.0
M. D. Anderson Foundation	1936	1,231	424	34.0	5.4
Avalon Foundation	1940	687	470	6.9	3.9
Hall Brothers Foundation	1926	232	975	420.0	3.7
Louis D. Beaumont Foundation	1949	701	410	59.0	4.2
Buhl Foundation	1927	581	315	54.0	4.4
Carnegie Corp. of New York	1911	5,941	425	7.0	3.7
Carnegie Endowment for International Peace	1910	646	117	18.0	4.7
Carnegie Foundation for Advancement of teaching	1906	1,698			15.6
Carnegie Institution	1928	989	109	11.0	9.2
A. C. Carter Foundation	1945	1,734	570	33.0	14.4
Cullen Foundation	1947	1,171	760	65.0	22.2
The Commonwealth Fund	1918	1,996	1,235	62.0	2.4
Danforth Foundation	1927	865	23	26.2	7.8
Donner Foundation	1945	697	403	57.9	4.6
Duke Endowment	1924	4,913	816	17.0	3.7
El Pomar Foundation	1937	507	169	33.0	3.5
Maurice and Laura Falk Foundation	1929	417	226	54.0	3.6
Samuel S. Fels Fund	1936	248	332	134.0	2.1
The Field Foundation	1940	696	449	64.0	5.9
Max C. Fleischman Foundation	1951	9	1	11.0	.1
Ford Foundation	1936	29,061	2,580	9.0	5.8
Henry Clay Frick Educational Commission	1909	62	307	495.0	2.6
Firestone Foundation	1947	57	1,575	2,765.0	2.2
General Education Board	1903	520	788	152.0	10.5
Edwin Gould Foundation for Children	1923	315	241	76.4	2.9
J. Simon Guggenheim Foundation	1925	1,083	461	43.0	3.6
Solomon R. Guggenheim Foundation	1937	108	84	73.0	2.7
John A. Hartford Foundation	1929	88	702	798.0	5.8
Charles Hayden Foundation	1937	1,746	800	46.0	3.3
Louis and Maud Hill Family Foundation	1934	334	(?)	(?)	2.7
Eugene Higgins Scientific Trust	1948	1,000	(?)	(?)	2.9
Houston Endowment	1937	1,622	435	27.0	52.5
Godfrey M. Hyams Trust	1921	601	480	80.0	4.4
Institute for Advanced Study	1930	687	374	41.5	3.5
James Foundation of New York	1941	2,130	3,388	159.0	6.8
Juilliard Musical Foundation	1920	519	390	75.0	3.1
Henry J. Kaiser Family Foundation	1948	13	83	639.0	.1
W. K. Kellogg Foundation	1930	3,253	356	11.0	6.4
Kresge Foundation	1924	4,776	1,094	24.0	6.0
Kate Macy Ladd Fund	1946	440	249	57.0	3.1
E. D. Libbey Trust	1925	565	51	9.0	3.6
Lilly Endowment	1937	1,462	826	56.0	5.4
John and Mary Markle Foundation	1927	728	2	0.3	4.2
Josiah Macy Foundation	1930	378	65	17.0	1.9
A. W. Mellon Educational and Charitable Trust	1930	1,763	644	37.0	5.2
Mellon Institute of Industrial Research	1927	3,568	274	7.7	23.7
R. K. Mellon Foundation	1947	482	250	51.8	3.3
Millbank Memorial Fund	1905	601	841	140.0	5.2
William H. Minor Foundation	1923	1,052	87	8.0	8.4
Charles Stewart Mott Foundation	1926	420	1,552	370.0	2.9
William Rockhill Nelson Trust	1926	633	77	12.0	5.3
New York Foundation	1909	465	719	154.0	3.6
Old Dominion Foundation	1941	669	301	45.0	5.0
Olin Foundation	1938	978	2,650	271.0	3.2
Permanent Charity Fund	1917	367	181	49.3	3.6
Pew Memorial Foundation	1948	4,125	487	12.0	3.9
Z. S. Reynolds Foundation	1936	376	9	2.5	3.3
Rockefeller Foundation	1913	11,364	6,535	58.0	3.5
Rosenberg Foundation	1935	196	424	216.0	2.7
Sarah Mellon Scaife Foundation	1941	200	1	0.6	1.9
Russell Sage Foundation	1907	542	381	70.0	3.3
Alfred P. Sloan Foundation	1934	1,329	1,747	132.0	4.5
Surdna Foundation	1917	756	558	74.0	4.2
Twentieth Century	1919	457	657	144.0	4.6
Estate of Harry C. Trexler	1934	433	242	55.0	3.4
William C. Whitney Foundation	1935	75	10	13.0	5.0
William Volker Charities	1932	1,027	1,032	100.0	6.6

It is believed that the data portrayed in this report, while not of provable accuracy, are sufficiently representative of actual conditions to provide reasonable guidance in appraising the magnitude of the problems involved. This should assist in the consideration of any suggestions that may seem advisable for possible legislative action.

T. M. McNIECE.

Mr. WORMSER. Is there anything you would like to summarize out of those statistics now, Mr. Dodd?

Mr. DODD. Only the pertinent figures which I gave; namely, some 6,000 to 7,000 foundations and \$7.5 billion of resources, and so forth.

Coming now to the subject of definitions, and for our own working purposes, from our point of view, foundations were defined as those organizations resulting from the capitalization of the desire on the part of an individual or a group of individuals to divert his or their wealth from private use to public purpose. Un-American and subversive were defined as any action having as its purpose the alteration of either the principle or the form of the United States Government by other than constitutional means. This definition was derived from a study of this subject which had been made by the Brookings Institute at the request of the House Un-American Affairs Committee some time ago.

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

Propaganda: Action having as its purpose the spread of a particular doctrine or a specifically identifiable system of principles, and we noted that in use this word had come to infer half-truths, incomplete truths, as well as techniques of a covert nature.

Mr. WORMSER. Pardon me, Mr. Dodd. I would like to interpolate at this moment that we have asked the Bureau of Internal Revenue to give us what guidance they can in their own interpretation of these difficult terms, particularly the terms "subversion" and "political use of propaganda." They have not yet come forward with that material. I hope they do, and we shall introduce it in the record if they produce it.

Mr. DODD. These were essentially working definitions from the point of view of the staff's research and are not to be regarded as conclusive.

Charter provisions: The purposes of foundations were revealed by these studies to be generally of a permissive rather than a mandatory character. Customarily they were expressed to place the burden of interpretation on either trustees or directors. Such words as educational, charitable, welfare, scientific, religious, were used predominantly to indicate the areas in which grants were permitted. Phrases such as "for the good of humanity," and "for the benefit of mankind," occurred quite frequently. The advancements of such general concepts as peace and either international accord or international understanding as a purpose for which foundations had been established.

To illustrate the extent to which the burden of interpretation is frequently placed on trustees of foundations, I cite the following:

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

Cox committee criticism: From our point of view there seemed to be eight criticisms which had been made of the work of the Cox committee. These eight were that time and facility had been inadequate; that excuses concerning grants to Communists had been too readily accepted; that trustees and officers had not been placed under oath;

that only a few foundations had been investigated; that the propaganda activities of foundations had not been investigated; that foundations had not been asked why they did not support projects of a pro-American type; that extensive evidence had not been used—

Mr. HAYS. Just a minute, Mr. Chairman. Will you read that last one again, please?

Mr. DODD. Yes, Mr. Hays. Foundations had not been asked why they did not support projects of a pro-American type.

Mr. HAYS. I would say that is the kind of a question that is something of the order of when did you stop beating your wife.

Mr. DODD. Yes. I mention that because it had come to our attention.

The CHAIRMAN. As I understand, you are now reading from the report of the Cox committee, or the substance of it; is that correct?

Mr. DODD. No. I am just summarizing, Mr. Chairman, the nature of the criticisms which had come to our attention with respect to the work of the Cox committee.

Mr. HAYS. That question implies that the foundations gave nothing to anything that was pro-American.

Mr. DODD. Yes; it does. That is one of the criticisms.

Mr. HAYS. Where did the criticism come from? Is it the criticism of the staff, or where did you dig it up?

Mr. DODD. No. This criticism, as we understood it was one of several made of the work of the Cox committee by Mr. Reece.

Mr. HAYS. If he wants to accept it as his criticism, that is all right. I just want to know the source of it. Just be sure that I am not associated with it, because I don't like those kinds of questions. I do not know whether they gave anything to pro-American activities or not, but I have my opinion that they probably did.

Mr. DODD. Yes. The next one was that extensive evidence had not been used, and finally, that the Ford Foundation had not been sufficiently investigated.

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

Mr. HAYS. I have a question right there. You say a thousand colleges. How many questionnaires did you send out?

Mr. DODD. Approximately that number.

Mr. HAYS. You got practically complete response?

Mr. DODD. We got a very high percentage of responses.

Mr. HAYS. What percentage?

Mr. DODD. I would say the last I heard, Mr. Hays, was something in the neighborhood of 70 percent.

Mr. HAYS. I just wanted that in the record so when they investigate foundations in the next Congress nobody will say that they missed certain ones.

Mr. DODD. Incidentally, a mathematical tabulation of the results of those questionnaires is in the process of being completed now.

However, when the uniqueness of the projects supported by foundations was considered, it became understandable why institutions such

as Columbia, Harvard, Chicago, and the University of California had received moneys in amounts far greater than had been distributed to others. Originally scholars capable of handling these unique subjects were few. Most of them were members of these seemingly favored institutions. Now that these subjects no longer appear to be regarded as unique, and sufficient time has elapsed within which to train such competent specialists, the tendency of foundations to distribute grants over a wider area has become noticeable.

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

As this report will hereafter contain many statements which appear to be conclusive, I emphasize here that each one of them must be understood to have resulted from studies which were essentially exploratory. In no sense should they be considered as proof. I mention this in order to avoid the necessity of qualifying each statement as made.

Confronted with the foregoing seemingly justifiable conclusions, and the task of assisting the committee to discharge its duties as set forth in House Resolution 217 within the 17-month period, August 1, 1953, to December 31, 1954, it became obvious that it would be impossible to perform this task if the staff were to concentrate on the internal practices and the grant making policies of foundations themselves. It also became obvious that if the staff was to render the service for which it had been assembled, it must expose those factors which were common to all foundations and reduce them to terms which would permit their effect to be compared with the purposes set forth in foundation charters, the principles and the form of the United States Government, and the means provided by the Constitution for altering either these principles or this form.

In addition, these common factors would have to be expressed in terms which would permit a comparison of their effects with the activities and interests connoted by the word "political," and also with those ordinarily meant by the word "propaganda." Our effort to expose these common factors revealed that there was only one, namely, the public interest.

It further revealed that, if this finding were to prove useful to the committee, it would be necessary to define the public interest. We believe this would be found in the principles and the form of the Federal Government as expressed in our Constitution, and in other basic founding documents. This will explain why subsequent studies were made by the staff of the size, the scope, the form, and the functions of the Federal Government for the period 1903-53, the results of which are set forth in detail in the report by Thomas M. McNiece, assistant research director, entitled "The Economics of the Public Interest."

These original studies of the public interest disclose that during the 4 years 1933-36 a change took place which was so drastic as to constitute a revolution. They also indicated conclusively that the responsibility for the economic welfare of the American people had been transferred heavily to the executive branch of the Federal Government, that a corresponding change in education had taken place

from an impetus outside of the local community, and that this revolution had occurred without violence and with full consent of an overwhelming majority of the electorate: In seeking to explain this unprecedented phenomenon, subsequent studies pursued by the staff clearly showed it could not have occurred peacefully or with the consent of the majority unless education in the United States had prepared in advance to endorse it.

These findings appeared to justify two postulates, the first of which was that the policies and practices of institutions purporting or obliged by statute to serve the public interest would reflect this phenomenon, and second, that foundations whose trustees were empowered to make grants for educational purposes would be no exception.

On the basis of these, after consultation with counsel, I directed the staff to explore foundation practices, educational procedures, and the operation of the executive branch of the Federal Government since 1903 for reasonable evidence of a purposeful relationship between them.

Our ensuing studies disclosed such a relationship and that it had existed continuously since the beginning of this 50-year period. In addition, these studies seemed to give evidence of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by foundations, chiefly by Carnegie and Rockefeller, which had been used to further this purpose by (1) directing education in the United States toward an international frame of reference and discrediting the traditions to which it had been dedicated, by training individuals and servicing agencies to render advice to the executive branch of the Federal Government, by decreasing the dependency of education upon the resources of the local community, and freeing it from many of the natural safeguards inherent in this American tradition, by changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life, by financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

At this point the staff became concerned with (1) identifying all the elements comprising the operational relationship between foundations, education, and government, and determining the objective to which this relationship had been dedicated, and the functions performed by each of its parts (2) estimating the cost of this relationship and discovering how these costs were financed. Understanding the administration of this relationship and the methods by which it was controlled (3) evaluating the effect of this operational relationship upon the public interest and upon the social structure of the United States (4) comparing the practices of foundations actively involved in this relationship with the purposes for which they were established, and with the premises upon which their exemption from taxation by the Federal Government is based.

In substance this approach to the problem of providing the committee with a clear understanding of foundation operations can best be described as one of reasoning from a total effect to its primary or secondary causes. We have used the scientific method and included both inductive and deductive reasoning as a check against the possibility that a reliance upon only one of these might lead to an erroneous set of conclusions.

Neither the formal books and records maintained by foundations operating within the educational sphere, nor any of their supplemental or less formal reports to the public make it possible to appraise the effect of their grants with any degree of accuracy. We therefore needed to turn to the grantees rather than the grantors for the information required by the committee to make the specific determinations requested by Congress in House Resolution 217, namely, have foundations used their resources for purposes contrary to those for which they were established, have they used their resources for purposes which can be classed as un-American, have they used their resources for purposes which can be regarded as subversive, have they used their resources for political purposes, and finally, have they resorted to propaganda in order to achieve the objectives for which they have made grants.

To insure these determinations being made on the basis of impersonal fact, I directed the staff to make a study of the development of American education since the turn of the century, and of the trends and techniques of teaching, and of the development of curricula since that time. As a result it became quite evident that this study would have to be enlarged to include the accessory agencies to which these developments and trends have been traced. The work of the staff was then expanded to include an investigation of such agencies as the American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, the John Dewey Society, and the Anti-defamation League.

Mr. Wormser, that covers the start and the scope and the manner in which the work of the staff proceeded, and also constitutes the base from which such findings as it will from time to time provide you with, were developed.

The CHAIRMAN. Mr. Goodwin.

Mr. GOODWIN. I would like to reserve the right to comment later on some portions of the data which Mr. Dodd has just submitted, not having an opportunity to see it in writing. I have particular reference to that portion of the data which he has presented which referred to criticisms of the Cox committee. It so happens, Mr. Chairman, as you know, I was a member of the Cox committee. If what he says is, as I understand it to be said, with reference to criticisms that have been made, that the effect of that only is that somebody said something about what the Cox committee had done or failed to do, I presume I have no objections. But I would like to see it actually before me, and at that time I may want to have some comment to make.

The CHAIRMAN. Quite so.

Mr. DODD. Mr. Goodwin, it does refer to that type of thing. We wish to put this committee in a position, if possible, to understand whether those were justified or not justified.

Mr. HAYS. Mr. Chairman.

The CHAIRMAN. Mr. Hays.

Mr. HAYS. It seems to me as I listened quite carefully to Mr. Dodd's statement, that there were several charges in there that represent rather a serious indictment of foundations. It is difficult to question Mr. Dodd or anyone else about a prepared statement without having

had a copy of the statement at least before you while it is being read, in order to make marginal notes. It has been the custom of committees on which I have sat in the past 5½ years that that be done. I would suggest that before we go too much further that we recess and give him time to get a prepared statement in order that we can intelligently ask him some questions about that.

The CHAIRMAN. It was my thought that copies would be available not only for the members of the committee, but also for the members of the press as far as the press might be interested. Since that completes the statement that he prepared to make, unless Mr. Wormser and Mr. Koch, you have further questions—the House anyway goes in session at noon—I think the Chair would think that we might just as well recess so that by morning the statement will be prepared.

Mr. WORMSER. Mr. Chairman, I like Mr. Hays' suggestion very much. I deeply regret that we could not have copies at the beginning of the hearing this morning. We can have them this afternoon. We can have not only copies of the statement as far as it went today, but what Mr. Dodd expects to present tomorrow.

Mr. HAYS. I would certainly appreciate it, and I think it would expedite the work of the committee if he is going to have a further statement tomorrow to have it in our hands at least by morning. It would facilitate matters if we could have a copy tonight.

Mr. WORMSER. I quite agree. I think we can give it to you by tonight.

The CHAIRMAN. The Chair apologizes for the statement not being available, as it was his understanding that it would be available.

Mr. HAYS. I am not blaming the Chair.

The CHAIRMAN. Yes, I understand. I assume without having any information that it was due to the element of time. The committee then will stand adjourned until 10 o'clock tomorrow morning in this same room through the courtesy of the chairman of the Committee on Banking and Currency, and Mr. Hays, who is also a member of the committee.

(Thereupon at 11 a. m., a recess was taken until Tuesday, May 11, 1954, at 10 a. m.)