TAX-EXEMPT FOUNDATIONS

FRIDAY, DECEMBER 5, 1952

House of Representatives,
Select Committee To Investigate Tax-Exempt Foundations and Comparable Organizations,
Washington, D. C.

The select committee met, pursuant to recess, at 10:35 a.m., in room 1301, New House Office Building, Hon. Aime J. Forand presiding.
Present: Representatives Forand, Simpson, and O'Toole.
Also present: Harold M. Keele, counsel to the committee.
Mr. Forand. The committee will be in order.
Mr. Keele, will you call your first witness, please?
Mr. Keele. Mr. Straight.
Mr. Straight. Mr. Chairman, I would like permission to bring along the secretary of the foundation, Mr. Milton Curtiss Rose.
Mr. Keele. Will you state your name, your residence, and your connection with the Whitney Foundation, please?

STATEMENT OF MICHAEL WHITNEY STRAIGHT, PRESIDENT, WILLIAM C. WHITNEY FOUNDATION, ACCOMPANIED BY MILTON CURTISS ROSE, SECRETARY

Mr. Straight. My name is Michael Whitney Straight. My residence is Weymoke, Va., and I am president of the William C. Whitney Foundation.
Mr. Keele. Have you any other business or occupation, Mr. Straight?
Mr. Straight. Yes, sir. I am director of certain corporate enterprises. I am at present editor of the New Republic magazine.
Mr. Keele. What is the size of the foundation in its assets?
Mr. Straight. Can I refer that question to Mr. Rose, Mr. Keele?
Mr. Keele. Don't you, as president, know roughly what it is, Mr. Straight?
Mr. Straight. Yes; I do. The capital, as I believe it to be, is approximately a million and a half dollars.
Mr. Keele. And what is your average income over the past 5 years, Mr. Straight?
Mr. Straight. Approximately $60,000 a year.
Mr. Rose. Seventy-five.
Mr. Straight. Seventy-five.
Mr. Keele. You publish reports, Mr. Straight, on the activities of your foundation?
Mr. Straight. Yes, sir; we do.
Mr. Keele. And have you a copy of one of those with you?
Mr. Straight. Certainly, we brought those along.
Mr. Keele. Do you publish them annually, Mr. Straight?
Mr. Straight. We publish them biannually, sir.
Mr. Keele. And in those reports you set forth the list of grants, the officers, and the short statement each year, a summary statement; isn’t that right?
Mr. Straight. That is correct.
Mr. Keele. I take it you favor such reports or you wouldn’t publish them.
Mr. Straight. Yes, sir; I certainly do.
Mr. Keele. And what is your thinking about the advisability of foundations making public their reports?
Mr. Straight. I believe they should. I believe they do have a public interest and a public trust, and they certainly should be accountable to the public in the sense of publishing these reports.
Mr. Keele. How many paid employees do you have in your foundation?
Mr. Straight. We have two paid employees.
Mr. Keele. Do you know what your administrative expense is on the average for your foundation? I mean by that, the cost of your employees running the foundation, aside from the making of the grants.
Mr. Straight. I would like again permission to refer that question to Mr. Rose, if I could, or Mr. Rose can give you the papers on this to give you the exact answer.
Mr. Rose. The expenses run approximately—
Mr. Forand. I think before Mr. Rose testifies, you had better give your full name and capacity, for the purpose of the record.
Mr. Rose. My name is Milton Curtiss Rose. I reside in New York City. I am secretary and director of the foundation.
Mr. Keele. All right, Mr. Rose. Suppose you tell us what the administrative expenses are.
Mr. Rose. The administrative expenses for the year ended December 31, 1951, were $16,996.76. Now the expenses through the years have averaged from approximately $13,000 to $17,000.
Mr. Keele. Who are the paid employees of the foundation?
Mr. Rose. Mrs. Harriett K. Evison, who has been in the employ of the foundation since its inception, and a Miss Dalyzk. Mrs. Evison is an assistant secretary.
Mr. Keele. Now let’s go back to Mr. Straight again.
How many directors or trustees do you have?
Mr. Straight. There are five directors.
Mr. Keele. And will you tell us how those directors are selected? Were they designated in the original instrument creating this foundation, or have they been elected since, or just how has that been done, Mr. Straight?
Mr. Straight. Mr. Keele, this foundation grew out of the philanthropic work of my mother, who at that time was Mrs. Dorothy Whitney Straight, and was the daughter of William C. Whitney, after whom the foundation is named.
She put her philanthropy work on a somewhat more institutional basis in 1927, when she named an advisory committee to advise her
on making gifts, and that committee then consisted of Miss Ruth Morgan, who was well known in various international peace organizations at the time, of Herbert Croly, who was well known also for his writings, and of Dr. Eduard Lindeman, of the New York School of Social Work.

The committee was further organized as a foundation in 1936, and when Mrs. Straight, who was by then Mrs. Elmhirst—she had remarried Mr. Leonard K. Elmhirst, when her children had reached their majority, two of them went onto the board of the foundation, but the general policy was that the members of the family should be a minority, and therefore on the board of five were added in addition to Mr. Rose, Mr. Thomas J. Regan, who is a banker of New York City and a former secretary of Mr. William C. Whitney, and also Mr. Max Lerner; and those five together constitute the directors of the foundation.

Mr. Forand. Are your directors and the trustees the same, or do you have trustees?

Mr. Rose. The directors are the trustees.

Mr. Forand. What was the original purpose of the foundation, according to your instrument of organization?

Mr. Rose. It was broadly stated that general educational and ecleemosynary purposes organized under the New York membership corporations law.

It has the usual language in the charter to general educational and charitable purposes, betterment of mankind, and so on, which was the usual form for a certification of incorporation under that particular section of the law.

Mr. Forand. Thank you.

Mr. Keele. Now your foundation operates, as I understand it, from looking at the grants and from the report you made in reply to the questionnaire, primarily in the nature of giving grants to organizations which are already organized for ecleemosynary purposes, is that correct?

Mr. Rose. That is correct. The great majority of our grants are grants-in-aid to other organizations which apply to us and submit in connection with their applications proof of their tax exemption under the same provision of the Internal Revenue Code that we are exempt under.

Mr. Keele. And so far as I have been able to ascertain from an examination of your grants, you do not make individual grants except perhaps in the case of that one scholarship, is that correct?

Mr. Rose. Very rarely. It has been a principle to avoid giving to individuals. We felt that in a foundation of this size we weren't sufficiently staffed to go into that field intelligently.

Mr. Keele. I note that over the years your expendable income has been about $75,000, is that correct?

Mr. Rose. That's right.

Mr. Keele. And your average expenditures, you say, have been about $18,000, leaving a little more than $60,000 for distribution?

Mr. Rose. That is correct.

Mr. Keele. And I note, for instance, over the years that in 1937 there were 40 grants, in 1938 there were 43 grants, and in 1939, 42 grants, which would mean that the average grant would be around $1,500, isn't that correct?
Mr. Rose. That's correct.

Mr. Keele. Have you considered what has been characterized in this hearing and elsewhere by those who have made a study of foundations, as advisability of avoiding scatter-giving?

Mr. Rose. We have considered whether it was wise to allow the trend to continue of giving more grants each year. We felt that as we went on our program was expanding. We found new fields of interest.

We felt that the maximum contribution we could make was in permitting eligible applicants to apply, and we have tended, I think you will find, toward giving more grants through the years. That has been a calculated decision.

Mr. Keele. You mean giving a greater number of grants?

Mr. Rose. A greater number.

Mr. Keele. On the contrary, did you drop from 40, 43, and 42 in the first 3 years down to 17, 20, 30, 22, 25, 25, and 30 in the succeeding years?

Mr. Rose. I know to what year you are coming up.

Mr. Keele. I am taking them consecutively now, from 1936.

Mr. Rose. The last few years have increased over that low point, have they not, in number?

Mr. Straight. Yes, I think that's right, sir. The last year is 31 and 32. I think Mr. Rose is referring to a present trend.

Mr. Keele. You did drop down in number, I gather from an examination here, so that you are going down to about 20, 22, and 25. You have been picking up again in the last few years, so that it has gone up as high as from 30 to 41. I was just wondering about your philosophy with reference to spending your money thinly or concentrating it. I am not criticizing it.

Mr. Rose. Our feeling is as our interests expanded, we should expand the number of our grants.

Mr. Straight. I wonder if I could go into that a bit further, Mr. Keele, on the general principles of our foundation. The general interest of this foundation, as Mr. Rose pointed out, sir, is much the same as many of the major foundations. However, in size and available income, of course, we are very much smaller.

We have, as you have heard, only two paid staff, both of whom are in New York. We can have no real field staff, no field review. What we do is necessarily a matter of intuition, of general understanding and experience on the part of the directors themselves.

Mr. Forand. Are the directors paid?

Mr. Straight. No, sir. The administration necessarily has to be kept to a minimum. Otherwise, obviously, we would have very little funds to distribute.

For the policy, this small-sized foundation has led in my opinion to certain principles in giving which Mr. Keele I think was leading up to.

First, we endeavor to give to small groups, where a relatively small grant amounts to a significant contribution to the group's work.

For example, a small college like Black Mountain College, a small institute like the Wellesley Summer Institute where five hundred or a thousand dollars makes a very significant contribution to the carrying on of what we feel is a small but significant worth-while enterprise.
Secondly, as a small foundation, we have a certain flexibility and a certain social interest perhaps that is denied to the foundations many times our size, and that leads us into an emphasis toward working among underprivileged groups, among low-income groups, among labor organizations, particularly in the field of labor education.

And, for example, you will note in our reports a consistent giving to the American Labor Education Service, which is, we feel, a typical grant that we are very proud of, an institution working with the major trade unions, but nonetheless with a very small budget, where a grant on our part of $1,500 a year or so permits them to considerably expand their summer conferences or their research work in a field which we feel is very important and somewhat neglected by the trade unions themselves.

Thirdly, we make a point, since we can't contribute very much money to any one group over a number of years, to try to support groups which we think have some opportunity of getting on their own feet and becoming self-sustaining after a certain formative period, and typically in that group you will find our grants in 1939-1940, I believe, roughly—through 1945 to the National Planning Association, which is a group centered here in Washington, which was started very substantially with Whitney Foundation money, but which now is broadly supported by businessmen, by banking groups, is very widely represented on its boards, and makes reports for companies on labor relations and other matters, but which is largely now independent of the kind of need of support that we were able to provide it in the early days. And, lastly, we feel that we can give as a small foundation to somewhat flexible groups which are probably unable because of their nature, to obtain grants from the very large foundations which would require a good deal more in the way of supervision.

Mr. Forand. What do you mean by flexible groups?

Mr. Straight. I mean groups like the American Veterans Committee, which you will find in our report, which has had very substantial contributions.

I think while that group has had individual contributions, very large amounts from people like Nelson Rockefeller, nonetheless foundations like the Rockefeller Foundation would find it not the group within their main sphere of influence and interest.

I mean those are the kinds of directions under which a small foundation in our opinion properly goes.

Mr. Forand. I still don't get the flexible group.

Mr. Straight. Flexible, sir, I mean by that a group which has had a very important contribution perhaps in the rehabilitation of veterans over a short period, but which is not in the sense of a continuing scientific grant to a university for work in the field of medicine, biology, which was important in the thirties, the forties, and the fifties, but which function is changing quite rapidly, and which therefore, I use the word "flexible" in a sense of a group which changes it character.

Mr. Forand. Thank you.

Mr. Simpson. Do you mean there is an area in which big foundations can supply the need for this risk capital we have been talking about in these hearings?

Mr. Straight. No, sir. I think they do that and I think that the record of the large foundations is very good in that regard, but I
think that a small struggling group has often found it rather difficult to prepare the preliminary paper work to provide the consistent reporting.

Mr. Simpson. Does that imply that you don’t require the kind of survey before you make your grant that the larger foundations would require?

Mr. Straight. No, sir. I think I tried to explain that. We do not have the field representatives, and as I said, we do try to take advantage of the flexibility which a small foundation dictates, but we do require substantial reports.

Our files, I think, would show you that we follow the work of these groups quite closely, where we feel they have not really adequately explained to us what they have done with our funds. We go back to them continuously and ask them for more information.

Mr. Simpson. I don’t quite follow this point. You said earlier that your foundation will pay attention to requests where the big fellows can’t do it or don’t do it, and that you do it even though you have less personnel to do the work, I conclude that you don’t require the same kind of survey and don’t know as much about the recipient as the big foundation would require if it were to make the grant.

I ask whether that is the case, and if it is a healthy situation?

Mr. Straight. Mr. Simpson, maybe I can give you an example. For instance, the Highlander Folk School is a group, as you know, in Mount Eagle, Tenn., and last year or the year before a hurricane hit the school and they needed immediate financing in relatively small amounts to attempt to repair the damage.

Now in that case, I think it would be very unlikely that a major foundation would have gone through the process of clearing that grant and giving eight hundred or a thousand dollars to help re-establish their building, and that is the kind of a thing I think the Whitney Foundation can do.

Mr. Simpson. Then you mean there is an area?

Mr. Straight. Yes; I think so.

Mr. Simpson. Where a small foundation operating with less detail and so on can do the work which the big foundation practically won’t do?

Mr. Straight. Yes, sir.

Mr. Roe. I would just add there that I think in some cases it turns perhaps on the amount required for the immediate work. We have often given grants which I believe to be smaller than the grants that the larger foundations would normally make.

Mr. Simpson. Do you think that the larger foundations are too strictly and conservatively managed?

Mr. Roe. No; I do not.

Mr. Simpson. Do you think they have too much red tape in giving consideration to requests?

Mr. Roe. I think their program is so much larger than ours can be, that they are naturally more interested in the large appeal and in the big job to do.

Mr. Simpson. Do you think that the smaller foundation, because it is small, using yours as the example, will take more risk with their capital than will the larger foundation?

Mr. Straight. I wouldn’t say that; no; but I think the illustration I gave you as an example, in the case of the Highlander Folk School,
as I said, the Whitney Foundation, lacking field organizing, has to depend on the general knowledge, experience, and intuition of its directors.

In this case, the school is known to myself, the directors are known to myself. If the school submits an emergency grant, a large foundation might feel it necessary to go down to inspect in fact what the damage was and what the fund should be used for.

In my case, in the case of a foundation this size, the solution much more probably is to call on people I trust, whose judgment I think is sound, and if they tell me this really is an emergency, to make available these funds; and that is in the sense that I use the word "flexible." We can do that.

Mr. Simpson. You mean you can personalize the granting better with a small foundation than the large one can?

Mr. Straight. I think it has to be personalized, sir.

Mr. Simpson. Do you think it is healthy to have the foundations operate on that basis?

Mr. Straight. No. If you go on from that to say that a foundation of our size give funds to projects in which the directors themselves are primarily and personally concerned, the answer is "No."

I have no personal concern of any kind, for example, in the Highlander Folk School, but by measure of my work, the directors of that school are known to me in the general nature of my work, but not in my work concerning that school.

Mr. Keele. Mr. Straight, I assume you have talked with the officials, the trustees, of other foundations, of comparable size. We have not had the representatives of a foundation of this size, or comparable size, before the committee until you were called today.

We are anxious to get the thinking of the smaller foundations, shall we say, and I am wondering if your thinking here reflects what you have learned in talking with other groups of comparable size.

Mr. Straight. Mr. Keele, I have explained how we try to overcome this problem of lack of field service. It is a very serious problem for us.

Of our directors, Mr. Rose is necessarily in New York most of the time; Mr. Regan is retired and is in New York. My sister is in New York and Mr. Lerner travels substantially more, which is one reason we welcomed him on the board.

On the other hand, there are many areas in this country that we normally don't get into, but at the same time we receive requests from California, from the Northwest, from the South, which we have no real way of judging, and with that in mind, Mr. Rose initiated an effort to bring together the small foundations as a sort of clearinghouse to find out, for example, from a couple of western foundations, whether a certain project applying to us was in their opinion worth while and providing them with the same service.

Now, we did our best to set that kind of system up. Mr. Rose might go on a bit about that.

Mr. Keele. In other words, for the exchange of ideas and information?

Mr. Straight. Yes, sir.

Mr. Keele. Is there any such organization in existence for foundations?
Mr. Rose. I don’t believe there is. That was one of the things, one of the points that interested me at the beginning.

We made some progress, but I can’t say that it was wholly successful. Each foundation wants to preserve the independence of its action, and while I still have hopes that a basis for an exchange of information can be worked out along those lines, I am not optimistic of its reaching fruition quickly. I think it would be a very valuable contribution to the service of small foundations.

Mr. Keele. Mr. Rose, would it be possible for there to be some central agency where not only would there be an exchange of information, a clearinghouse for ideas and information, but where requests might be received centrally and brought to the attention of the smaller foundations?

Mr. Rose. I would think that would be altogether possible. Of course, one has to bear in mind that the approach even among the small foundations differs rather widely.

As you remarked, we have certainly concentrated most of our giving among projects which are themselves established as tax-exempt projects applying to us for grants-in-aid. I think you would find small foundations that probably were quite active in other fields than that.

Mr. Keele. But isn’t this a problem which confronts all of the smaller foundations, this problem of lack of staff, due to the fact that they must conserve their income for the expenditures on grants of one kind or another, so that each of them when they get below a certain level of income are faced with this same problem of lack of field staff?

Mr. Rose. I think that is correct.

Mr. Keele. And doesn’t that of necessity or necessarily impair, perhaps, their effectiveness?

Mr. Rose. I think their effectiveness would be improved by such an agency as we are speaking of.

Mr. Keele. You said in your answers to the questionnaire we sent out that one of the problems—and I am sure it has been reiterated here by witnesses for the large foundations—is that of selecting wisely and deciding whether to concentrate on one or two projects or on what has been called here scatteration giving, which is spreading your money very thinly.

I am just asking about the problem, whether or not that isn’t a problem of small foundations.

Mr. Rose. I think that is a problem of small foundations.

Mr. Keele. They can’t become professional to the extent that the larger foundations can, can they, in the sense that they cannot have the paid staff?

Mr. Rose. That is right.

Mr. Keele. Nor can they probably attract to their boards men with as wide a vision or as great competency, perhaps, as those of the larger foundations; isn’t that so?

Mr. Rose. Yes, that is correct, but perhaps there isn’t the need where they elect to confine their giving largely to grants-in-aid of the sort I have described.

Mr. Keele. Again I say I am not criticizing. We are simply trying to get the thinking here of the smaller foundations and the problems of the smaller foundations.

Mr. Rose. I understand.
Mr. Keele. To what extent do you find the making and publishing of reports a burden upon you?

Mr. Rose. I don't consider it any great burden. I think it is something every foundation should do.

Mr. Keele. Why?

Mr. Rose. I think the public is entitled to the information. The Federal Treasury Department has sanctioned the foundation by granting it the privilege of tax exemption.

The endowment funds have been dedicated to a public use, and I think that it is right for the public to expect such reports and right for the foundations to provide them.

Mr. Keele. Would you favor legislation directed to the compelling of tax-exempt organizations to file reports similar to the ones you people file or publish?

Mr. Rose. I consider that a difficult question because I think some foundations are of such a nature that there would very likely be no need for published reports.

Mr. Keele. Would you give us an illustration of that?

Mr. Rose. A foundation that concentrated its giving, perhaps, within a very narrow field and made a very few grants. I can't name a foundation in that category offhand, but I think there must be such.

Mr. Keele. I fail to see the distinction. Why should it be whether they give all their money to one organization or whether they give it to a hundred?

Mr. Rose. Simply because I wouldn't have considered it so significant that a report be published of a foundation that was, for instance, active only in the field of medical research and giving, perhaps, to two or three medical institutions.

I shouldn't think the public interest in the activities of that foundation would be anything like as great. I don't see any objection to it.

Mr. Keele. You mean public interest or public curiosity?

Mr. Rose. I would say public interest.

Mr. Keele. Don't you think the public is as interested in learning about gifts to medical institutions or medical research as they are, shall we say, to the Highlander Folk School?

Mr. Rose. I think that most of that information is probably public without the necessity of a report from the foundation.

Mr. Keele. And how is it made public?

Mr. Rose. Frequently by the recipient of the grant where the amounts are of a substantial size.

Mr. Keele. But supposing they are not a substantial size? Suppose it is a small foundation. Possibly they have $10,000 to give and that is all they have to give. They give it, say, to Harvard Medical School.

Mr. Rose. And that is their only grant?

Mr. Keele. Do you say by reason of that they should not be compelled to file a return?

Mr. Rose. You are speaking of publishing a report?

Mr. Keele. Yes.

Mr. Rose. Yes. It wouldn't have occurred to me that in certain instances that which I consider an extreme example, that a published report would serve any very important purpose.
Mr. Keele. Shouldn’t any report that is made show their officers, their trustees or directors, a breakdown as to the amounts of income they have and how that is spent?

Mr. Rose. Well, Mr. Keele, that information is generally available from most foundations in the books that are published, the foundation directories.

Mr. Keele. What books specifically?

Mr. Rose. There is one called “American Foundations and Their Fields,” published by Raymond Rich Associates.

Mr. Keele. When was the last issue of that published?

Mr. Rose. The bound volume was published some years ago.

Mr. Keele. In ’46, wasn’t it?

Mr. Rose. But it has been supplemented since by paper-bound supplements.

Mr. Keele. Do you know that Raymond Rich has not even been able to get that information from a great many foundations?

Mr. Rose. I understand that there are foundations that decline to provide such information, and I hold no brief for that.

Mr. Keele. Now how are they going to get it unless there are published reports in the cases of those foundations, and I mean required by law, in the case of those foundations which choose to keep their operations secret?

Mr. Rose. I know of no other means.

Mr. Forand. Isn’t it a fact that the same would be true of the smaller foundations making a limited number of grants as with the larger foundations, that they are tax-exempt and as such should come within the purview of the remarks made previously by one of you gentlemen?

Mr. Rose. I think that is generally so.

Mr. Keele. In other words, this doesn’t require any great amount of work or expense on your part.

Mr. Rose. No, it does not.

Mr. Keele. You have done it voluntarily.

Mr. Rose. That is right.

Mr. Keele. You have done it from the beginning practically, haven’t you?

Mr. Rose. Yes. Well, we began I think it was perhaps ’46.

Mr. Straight. Forty-one.

Mr. Rose. Forty-one, right.

Mr. Keele. And you were organized in ’36. In ’41 you began to make reports?

Mr. Straight. Yes. I feel Mr. Keele is quite right.

Mr. Keele. I don’t know what is right or wrong here, nor am I trying to express a view. I am only trying to bring out the thinking on it. If my questions seem to indicate that I think a certain way, I regret that. I am not trying to express any view of my own here.

Mr. Rose. Since January ’42, actually we have been making published reports.

Mr. O’Toole. May I ask a question at that point, Mr. Keele?

Mr. Keele. Surely.

Mr. O’Toole. Mr. Rose, have you any idea of the total amount of these grants from all the foundations in the course of a year as to what they amount in actual dollars?

Mr. Rose. I haven’t, Mr. O’Toole, offhand. I don’t know.
Mr. O'Toole. Do you think it might be a good idea, Mr. Rose, for legislation to be drafted calling for a tax of 1 or 2 percent on all of these grants, and the money so collected to be used solely for the purpose of establishing a Government office or a Government position that would review these grants, the money not to go to the Treasury of the United States but solely for the sustenance of such a position to review these grants to see that they were being used for the proper purpose, and that they were not being used for tax evasion?

In other words, let them police themselves through a Government agency.

Mr. Rose. I would see no objection, and a good deal of benefit, to the policing operation. As to how it should be financed, I can't say.

I would see difficulties offhand in distinguishing between the foundation gift and the individual gift which is exempt under the same provisions of the law. I think that would create a problem. I am only addressing myself now to the means of raising the money that would be needed.

Mr. O'Toole. Well, if we were to have such attacks on foundation gifts or individual gifts and this money solely to be used for this new position created by the Government to review these gifts to see whether they were for tax evasion or see whether they were for the benefit of mankind and the benefit of civilization—

Mr. Rose. I would want to give consideration before I exercised an opinion.

Mr. O'Toole. If there is to be a continuance of tax exemption, surely there is some need for Government or other supervision to decide whether this is really for study, research, or propaganda.

Mr. Rose. I agree with that.

Mr. Keele. Mr. Straight, let's consider a moment your views as to the function or place of tax-exempt foundations in modern life.

You have said it, I think, in your report very well, but would you just briefly state what your view is of the optimum function, shall we say, of foundations.

Mr. Straight. Mr. Keele, I believe, as we have said, that the foundations have a very important pioneering role in the development and growth of experimental projects, of new ideas, and that role is necessarily played either by the foundations or by individuals or by the Government, and that, as Dr. Vannevar Bush said here, I think the foundations in playing that role are a genuine protection of society against the intrusion of Government into fields where the private individual, the foundation is able to make mistakes, is able to acknowledge its mistakes, if necessary, is able to experiment in the sense that the Federal Government is not and should not be.

I believe that in the field of education, the arts, of social studies, which certainly constitute our major interest, the kind of enterprises we have supported have been beneficial, have led to very useful work on the part of the country.

I think no other group, certainly no Government institution, could have financed that work, and I think it is also true of the major foundations in their own certainly more important fields of medical research, of scientific research and development, of support to universities and other institutions.

Mr. O'Toole. At that point, Mr. Straight, do you or do you not—I am not seeking to trip you, I am asking you for information—think
that some of these foundation grants which were tax-exempt were at all times used for scientific studies!

Don't you think there were times when they were used for straight propaganda purposes? I don't mean your particular foundation. I mean in your field.

Mr. Straight. That is a difficult question, Mr. O'Toole. In general, the foundation, of course, gives only to an organization which has been granted tax exemption.

In my opinion, there have been organizations which have violated their tax-exempt status and which have used funds technically assigned for educational purposes in fact for propaganda, for organization, for other matters, and I think that is certainly regrettable, and I think, as you said, a policing of this matter will cause the foundations and cause those organizations themselves to use tax-exempt funds for legitimate purposes only.

Mr. O'Toole. This thing is now becoming so big as to the size of the foundations and the amount of money they have at their disposal that it is far beyond the thoughts of those who originally started them. They have become so big and so complex that the man in the street in many cases doesn't know too much about them and in some cases is suspicious.

Unless there is some effort made to put these foundations under regulation the same as Wall Street has done with the SEC—not to interfere with their cause or not to interfere with their purpose any more than we attempted to interfere with trading in Wall Street—but because funds that might be taxable are being used, there should be some governmental supervision.

Mr. Straight. Of course there is, sir, already in the granting of tax-exempt status to the organizations which foundations support.

Mr. O'Toole. But it is quite loose.

Mr. Keele. In answer to one of the questions, namely, G-4, in which we asked whether or not the public had a direct interest in tax-exempt foundations, Mr. Straight, you said this:

The public has a direct interest in tax-exempt foundations and comparable organizations, since most of the work done by these foundations and organizations inures to the benefit of the public.

Public opinion can be an effective method of control on the operation of tax-exempt foundations, and to that end it is a good idea for foundations to make public reports of their activities. Unless informed public opinion is available as an effective control, public pressure may require a more stringent approach by the Government.

In other words, you feel, I take it, from that answer that, (1) a fund such as yours or such as the great foundations have is in the nature of a public trust. I think you have said that.

(2) Therefore, the public have a direct interest.

(3) That unless they are informed through adequate reporting, that there is grave danger that there will be regulation which might do damage to foundations. Is that correct?

Mr. Straight. Yes, sir.

Mr. Keele. Is that the progressive steps in the thing?

Mr. Straight. It is.

Mr. Keele. And I take it by that that you do not favor regulation which would determine how you would give your money or to whom you would give your money?

Mr. Straight. That is correct.
Mr. Keele. Other than the regulations that now exist?
Mr. Straight. That is correct.
Mr. Keele. Let's go back to an earlier part of your report in answer to the question there. I think it is on page 6.
Mr. Straight. Yes, sir.
Mr. Keele. Under section B-15 you were asked the question—
Mr. Rose. It is page 7, sir.
Mr. Keele. You were asked whether or not anyone connected with the foundation—I am having difficulty with my own questionnaire. The question was No. 9:

Have you made investigations of individuals who are connected with the foundations, and did any of your investigations reveal anyone who had been connected in any way with subversive organizations or organizations that had had been cited?

I think you gave the answer:

No person who is or has been connected with the foundation had at the time he became connected with the foundation any affiliation with Communist-front organizations.

One of the directors, prior to his election as a director, had permitted his name to be listed as a sponsor of several organizations which were later cited. However, at the time of his election, he had severed all connections with such organizations.

I wonder if you would enlighten us a little on that.
Mr. Straight. Certainly. That language was inserted there at his request, since this was read by all the directors, by Mr. Max Lerner, who is one of our directors.

The directors became acquainted with Mr. Lerner in 1940 and 1939, and at that period Mr. Lerner, in my opinion, was one of the leaders in the liberal movement in the United States and one of the leaders most bitterly attacked and abused by the Communist Party and its various fronts.

For example, Mr. Lerner was very active as a journalist and a writer in supporting the war effort, and for that purpose since their vindication is reserved for people who challenge their efforts at leadership within the labor movement, within the liberal movement, Mr. Lerner was very bitterly attacked by the Communists.

Now, previously, I understand this, although I didn't know Mr. Lerner at the time. Mr. Lerner had as a young man, as a young professor, been associated with several groups as a sponsor which later on were cited or criticized, and Mr. Lerner has required that to be pointed out, but in my opinion—and I think it is the general opinion—Mr. Lerner is a very outstanding, loyal, and fine American.

Of course, he was well qualified, in our opinion, to serve as a director, precisely because of his knowledge of the social welfare, the educational, the social study, the social science fields in which his foundation was interested, and his very acquaintance with liberal, with radical movements in this field, we felt would help him in assessing for the foundation these numberless requests that came in from all over the country, which, as I said, for lack of field work it was very hard for us to otherwise assess and distinguish.

Mr. Keele. That is the man, then, to whom you refer in that answer?
Mr. Straight. Yes, sir.
Mr. Keele. And that is the only person connected with the foundation who has been cited?

Mr. Straight. That is correct.

Mr. Keele. Then you were asked in question D-14 of the questionnaire:

Has your organization made any grant, gift, loan, contribution, or expenditure, directly or indirectly, to any individual, individuals, group, organization, or institution which grant, gift, loan, contribution, or expenditure or recipient has been criticized or cited by the Un-American Activities Committee or the House of Representatives or the Subcommittee on Internal Security of the Judiciary Committee of the United States Senate?

Your answer to that question was as follows:

The foundation made no grants or contributions directly or indirectly to any organization or institution subsequent to citation of that organization or institution by the Un-American Activities Committee of the United States House of Representatives or the Subcommittee on Internal Security of the Judiciary Committee of the United States Senate.

Grants were made on several occasions to organizations and institutions which were later cited, but after the directors of the foundation learned of such citation, no further grants were made to such organizations or institutions.

Moreover, such organizations and institutions at the time of receiving grants from the foundation enjoyed tax-exempt status by a ruling of the Treasury Department.

Then we asked you to list those organizations which had received grants from you, and which of those organizations had been cited or listed, and you gave in your citations the Southern Conference for Human Welfare, grants in 1943 of $1,500; 1944 of $1,500; 1945 of $1,000; 1946 of $1,500; and 1947, $1,000; 1948, $1,000.

Were not there grants also made by the Whitney Foundation to that organization in 1939 and 1942?

Mr. Straight. Is that correct?

Mr. Rose. Yes, that is.

Mr. Straight. That is correct, Mr. Keele.

Mr. Keele. Why were they not listed?

Mr. Straight. We have them listed on another sheet, and I am sure it was solely by inadvertence. It is a mistake and I am sorry for it.

Mr. Rose. Excuse me, I do have an explanation for that.

Those grants in those years were actually made to the New School for Social Research. The particular activity of the Southern Conference Educational Fund in those years was carried on through the New School, and the amounts, I think, are listed under the New School.

Mr. Keele. The New School for Social Research, the Southern Conference for Human Welfare in 1939, $2,500.

Mr. Rose. In 1939, that is correct.

Mr. Straight. I wonder if I could explain that further, Mr. Keele. The grant in fact—and I think this is entirely correct—was not to the Southern Conference but was to a research project which was originally sponsored by the New School and which the Southern Conference came in as sponsor in 1941.

Now that research project was actually by a Miss Elinor Bontecou who is at present engaged in research work for the Rockefeller Foundation, I believe, and it was research into the problem of suffrage in the South, and therefore it was not originally connected with any organizational work of the Southern Conference.
The Southern Conference did come in in 1941 to sponsor that research, and subsequently grants were made to the Southern Conference.

Mr. Keele. Yes; but this is back in 1939. You say the Southern Conference came in in 1941. You list it under 1939, 2 years before the Southern Conference came in, according to your statement, as the New School of Social Research, the Southern Conference for Human Welfare.

Mr. Straight. Is that our reply, sir?

Mr. Rose. It is in the annual report.

Mr. Keele. It is in the report, the third page of your report, report for 1939, about six up from the bottom.

Mr. Straight. I can only say, Mr. Chairman, I have gleaned back over the files on this and have read all our correspondence, and the story that I have just told you is entirely correct in our files in the sense that Miss Bontecou received this grant, and the first mention in our files, as I found them, of any connection with the Southern Conference was in 1941.

I should point out, Mr. Chairman, again as I have that the foundation directors changed in 1940, and therefore it is perfectly possible, as Mr. Keele says, that 1939 directors of Southern Conference were active in this, and I frankly wouldn't know.

Mr. Forand. Mr. Simpson.

Mr. Simpson. How many different organizations received grants prior to the time they were cited?

Mr. Keele. We are going through it, Mr. Simpson. This was the first one?

Mr. Straight. Yes.

Mr. Simpson. All right, go ahead.

Mr. Keele. There are 6 separate organizations, but there are a total of 20 grants covering 6 organizations which have been cited at one time or another.

You have also listed there the League for Mutual Aid. That is on page 13 of your report. In 1938 and 1939 grants of $500 each were made. You have listed Frontier Films, grants of $1,000 in 1939, $2,000 in 1940, and $1,600 in 1941.

Now there were grants made to organizations which have been cited which you did not include in your list; isn't that a fact?

Mr. Straight. I think you are referring, sir, to the American Council of the Institute of Pacific Relations, and that is a fact, and that was an inadvertence on our part due to, I think, a careless reading of your questionnaire.

Mr. Keele. And that was as late as 1948, wasn't it?

Mr. Straight. Yes, sir. As I understand it, the Judiciary Committee of the Senate did not cite but did criticize the American Council of the IPR in its report published, I would say, about approximately in June of this year, and our questionnaire of course was submitted to you shortly after that date.

Mr. Keele. Now Frederick Vanderbilt Field is probably personally known to you, isn't he?

Mr. Straight. I have met him at one IPR conference.

Mr. Keele. And in 1940 he resigned, did he not, as the executive secretary of the American Council?

Mr. Straight. I don't know, sir.
Mr. Keele. But he was very well connected, very closely connected with it, wasn’t he?

Mr. Straight. Yes; he was.

Mr. Keele. And Field’s activities between 1940 and 1948 became very well known, did they not? He made no secret of the fact that he was a Communist, did he, or a Communist sympathizer?

Mr. Straight. I think he made a secret of the fact that he was a Communist. I think he made known the fact that he was a Communist sympathizer.

Mr. Keele. If you made the investigations you say, why was it that as late as 1948 you were still making contributions to the American Council?

Mr. Straight. Well, I would like to answer that at length, if I may, Mr. Keele, because that is a matter of considerable interest to me.

I attended the Mont Tremblant Conference of the Institute of Pacific Relations in 1943. To be perfectly frank, I was tremendously impressed at that time with some of the work of the conference and with many of the delegates there, and I was as a matter of fact very much antagonized by certain individuals, including Mr. Field. Nonetheless, the Institute of Pacific Relations is something very much more than the American Council. It is a world-wide organization which in my opinion is still doing a useful and unique work in the field of research and education.

Now I think in the opinion of these other components of the institute, a feeling grew up that the American Council in the forties and under the influence of men like Frederick Field departed from its role as a scholarship organization, as an objective research organization, and in fact adopted the role of advocate in the field of far-eastern policy, and I have discussed this matter with members of other components of the institute such as the members of the Royal Institute of International Affairs in Britain who are considerably concerned over this matter.

It came to a head shortly after the war, I believe, in the conference held in Honolulu, and following that in my understanding the American Council was reorganized.

The then chairman left. The members of the Communist Party, if there were any at that time, left. I myself had acquaintance and full trust in the then director and present director, William Holland.

The 1948 grant of the Whitney Foundation was given for one specific purpose, and that was to help the American Council prepare data papers on behalf of the United States delegation to a 1948 conference on Indian-American relations, which was held in 1948 in India. That United States delegation was headed by Arthur Compton, a very distinguished American.

It was joined by L. F. Baker, vice president and treasurer of Westinghouse Electric; by J. Morton Murphy, of the Bankers Trust Co.; by Mr. J. Ballard Atherton, of the Mutual Telephone Co. of Hawaii; and by a good friend of mine, Mr. W. F. Rivers, of the Standard Vacuum Oil Co.

Now, our grant was to help this group go well prepared to India. In India they met with an outstanding delegation led by G. D. Birla, who again is known to me as one of the outstanding industrialists of India.
I have read through the reports on that conference; and, while great acrimony and bitterness developed because the Indian businessmen believed they were entitled to more support from American business than they were receiving and were told by the representatives of the United States there that they could not expect more support, nonetheless Mr. Rivers and others felt that the conference did a great deal of good in clearing away misunderstandings between this Nation and India, of which I am personally acquainted as are a great many.

In other words, I think this grant, sir, was a very successful grant, and I personally believe that the IPR, today, backed by men like Gerard Swope and directed by men like William Holland, is a group which is now well supported by many American corporations and which deserves support.

I don't by any means mean to say, by that, if a properly constituted committee of the Congress should conclude in its own wisdom that this group is subversive, that any foundation should thereby be entitled to give tax-exempt funds to the American Council of the IPR, but it is my understanding that no such ruling has been made; and, while no present grant is considered for the IPR or the American council, as far as I am concerned that is an open matter.

Mr. Keele. You also failed to list in your answers—did you not—a grant to the IPR in 1943?

Mr. Straight. That is correct. The IPR was left out as an organization. You are quite right. That 1943 grant, I think, was related to that Mont Tremblant Conference which I described.

Mr. Keele. You did not include—did you!—the American-Russian Institute grants. In 1937 you gave $500; in 1938, $1,000; in 1939, $500; in 1944, $500; in 1945, $500; in 1947, $500.

Mr. Straight. Yes, sir.

Mr. Keele. I am referring now to the American-Russian Institute of Cultural Relations.

Mr. Straight. That committee, as we understand it, was cited by the California Committee on Un-American Activities in 1948, subsequent to our statements, and by the Massachusetts House Committee on Un-American Activities in 1938. It was not cited or criticized, to the best of our knowledge, by the committees mentioned in your questionnaire.

Mr. Keele. Now, you said in your questionnaire that in making these grants you did consult the Guide and various other publications, and before the Guide was available you considered at all times or concerned yourself with other publications.

Well, you have just mentioned the fact that the Massachusetts citation took place in 1938. How do you explain the fact (1) that you did make these gifts, and (2) that you didn't list them here?

Mr. Straight. Well, I will have to say that, as far as I know, that Massachusetts citation was not known to me at the time.

The grant to the American-Russian Institute, as you have pointed out, commenced before the present directors became directors, but continued considerably after the war years and, I think, as you have said, for one postwar year.

Those grants were granted basically for the purpose of research work.

The 1946 application was on behalf of catalog cards to be purchased in the Library of Congress to make a Library Index. The 1947
grant was in response to an appeal for a very much larger amount for the general budget.

Those grants in general were to do research work by people who included, in my opinion, some very reputable scholars, and they were represented at all times as research work to be done by specialists and scholars.

It included Prof. George Cressy, of Syracuse University; Mr. Lazar Bolin, of the Department of Agriculture; Mr. E. C. Hopes, of the Department of Commerce; Mr. John Chapman, of Business Week; Dr. Henry Sigerist, of Johns Hopkins; and Robert Magidoff, of the Columbia Broadcasting System.

Mr. O'Toole. What type of research was this?

Mr. Straight. The application was for study series providing factual material. Well, they wrote to us and said—in fact, they had applied to us for a grant to be used for one of two purposes during this war year, I think, of 1944; but, in fact, our grant had been used to put out a pictorial pamphlet entitled "Industry in the U. S. S. R." which they claimed was used subsequently by the United States Army for specialized training classes.

Mr. O'Toole. There was none of this research done in Russia itself?

Mr. Straight. Not to any knowledge I have, sir; no.

Mr. O'Toole. It was all second-hand information that was given, not factual?

Mr. Straight. It was. It was done by these groups in some cases which later became the Institute for Russian Studies in Harvard, Columbia, and other groups.

Mr. O'Toole. But the study was based solely on the writers, not by factual observers?

Mr. Straight. Oh, yes, sir. No question about that, I think.

Mr. Rose. Mr. Keele, you have been speaking about the grants to American-Russian Institute 1937 through 1939. In 1948 a pledge of $250 was made, but it was not paid, as the directors learned that the American-Russian Institute had been cited.

That was by the committees Mr. Straight has mentioned, but that knowledge came to us when we received a copy of the Government publication early in 1948.

Mr. Keele. Mr. Rose, do you wait until you find that an organization is cited before you decide whether or not you should make a contribution?

Mr. Rose. No, sir.

Mr. Keele. Don't you make any investigation of these organizations?

Mr. Straight. Yes. On the board of the American-Russian Institute, sir, were people known to me, such as William Lockwood, whom I had a high regard for. I haven't seen him since the Mont Tremblant Conference; Ernest Simmons, whom I think is an outstanding scholar on the Soviet Union, the author of many books; Mrs. Kathleen Barnes and others whom I knew.

I also knew Edward Carter, not very well, but I regarded him as a man of considerably high reputation with a long background in the field of social work.

Now, we regarded this ground as an objective group preparing library material and preparing factual material. Some information
has since come to light in these committees that in fact it was also engaged in propaganda.

At the time, and particularly during these war years, I think we sincerely felt that this was an effort to spread further information concerning an ally of the United States, and of course with hindsight I think it is possible to look back on some of these and say that perhaps Soviet Russia was not an ally, but at the time, I think, she was accepted as such.

Mr. O'Toole. I can't understand, Mr. Straight, why there had to be such a study of an ally. Everyone knows that Russia was taking without any question anything that we would give them. There was no difficulty on the part of Russia accepting our supplies, men, money, and everything else. Why was there a necessity of studying them?

Mr. Straight. Mr. O'Toole, I think that they submitted to us lists of a great many groups, organizations, study groups, women's institutes, and so forth, who were clamoring for further material on Soviet Russia, who felt at that time that they wanted to know more about it.

Mr. O'Toole. Did you find an equal demand on the part of scholars to study France or to study England?

Mr. Straight. No, sir; I think they felt that they knew those countries. They had access to information concerning them.

Mr. O'Toole. I just heard you testify. You gave a group of names there of various men you said were outstanding scholars on Russia or on the Russian situation.

I don't doubt they are outstanding scholars, but it is a sort of mystery to me how our people who have been in the consular service, and who have actually been in Russia during a period of years, come out and say they know absolutely nothing about Russia, that they never had the opportunity of looking over nor were they allowed to study the situation. Yet, these people are classified as great scholars and authorities.

To me I am wondering whether they are great scholars and authorities solely on the study of second-hand material or from actual observation.

Mr. Straight. I would say the people I mentioned were scholars in the sense that they have made a very expensive study of present-day material and have set it against what they know the background and tradition of that country to be.

Mr. O'Toole. How many people can actually know much about the background of that country?

Mr. Straight. I can believe they know more about the background than about the present, sir.

Mr. O'Toole. From my observation we are dealing with a country whose policy on all things changes every day. Their communications, their state policy every single day is changed, and how anyone can become an authority I don't know.

Once again the question comes to my mind, not directed at your foundation but whether these groups that were given these grants for propaganda purposes or for actual study, and God knows there was an awful lot of propaganda in favor of Russia during the war—

Mr. Keele. What about the grants to Commonwealth College in 1937 and 1938? You have not listed those either; have you?

Mr. Straight. I have no recollection of Commonwealth College, Mr. Keele.

Mr. Keele. In 1937, $500.
Mr. STRAIGHT. Well, as I have pointed out to you——

Mr. KEELE. In 1938, $500.

Mr. STRAIGHT. That was 3 years before I came onto this foundation.

I frankly don't know about it.

Mr. KEELE. I am not asking you now about the grants. I am asking you why they were not listed here in your answer as grants made to organizations which had appeared on the Attorney General's list or on the House Un-American——

Mr. STRAIGHT. I assume we have no record at all of its being cited.

I take your word that it has been.

Mr. KEELE. Well, Commonwealth College was cited as Communist by the Attorney General in a letter to the Loyalty Review Board released April 27, 1949. It is on page 40 of the Guide to Subversive Organizations and Publications.

It was characterized as a Communist enterprise, cited as subversive by investigating committees of the Arkansas Legislature. Commonwealth College is, as you know, in Arkansas, and it received money from the Garland Fund.

The Special Committee on Un-American Activities report of March 29, 1949, made in 76 and 167, cites it. It was also cited by the Massachusetts House Committee on Un-American Activities in 1938.

Mr. STRAIGHT. Well, of those, Mr. Keele, you are quite right in pointing out that at least one if not all come within the scope of your question in D–14.

Mr. KEELE. Or D–10.

Mr. STRAIGHT. Or D–10.

Mr. KEELE. Which was the Attorney General's list.

Mr. STRAIGHT. Yes. Well, the Attorney General certainly is in D–10. I think those Arkansas and Massachusetts groups are not.

Mr. KEELE. Do you know how many grants your organization has made through 1951?

Mr. STRAIGHT. I don't offhand, sir; no.

Mr. KEELE. Well, by our computation from your report that came to us, we find 440 separate grants.

Mr. FORAND. Is that over the life of the foundation?

Mr. KEEL. That is beginning in 1937; 1937–51, both years inclusive. We find 20 of those grants were made to institutions which have been cited, criticized, or appear upon the list of the Attorney General. Does it not occur to you that that is a very high percentage?

Mr. STRAIGHT. Well, sir, I think, as you have pointed out, the list of the Attorney General occurred in 1948 or 1949, and many of these grants, in fact, were made 10 years previously by members who are not even directors of this present foundation.

I think at the time certainly information was lacking which subsequently came to light, and at the time also it became in 1948 and 1949 very much more easy to distinguish between the Communist Party line and the non-Communist line.

In many of those years, frankly, it was extremely hard for people who were full-time foundation directors to make up their minds, without available aid, as to whether an organization might be doing undercover work that did not appear in any way on its application.

Certainly none of the applications of any of these groups at any time would indicate in any way that they were carrying on work
hostile to the interests of the United States; and, had they, it is out of the question that the Whitney Foundation would have supported them.

Mr. Keele. Do I understand the tenor of your answer to be that the small foundation, lacking forces to investigate, may have made mistakes which would not have occurred had they had adequate staffing?

Mr. Straight. I would say that some of these——

Mr. Keele. Had they been able, shall we say, to have had in the field adequate representatives for investigation?

Mr. Straight. I think that is a fair statement.

Mr. Keele. Would you attribute then the relatively high percentage in the case of the Whitney Foundation as against a percentage which I have not figured but which ran about 10 or 12 out of 1,725 grants in the case of the Carnegie Corp. to the fact that the one has field representatives and a large staff comparably, whereas your foundation has a small staff professionally?

Mr. Straight. I think that would be a factor in it, sir. I think another factor would be that our field of interest is probably more substantially in the general areas in which these organizations, groups, and individuals were active.

For example, I am sure that the Attorney General is not concerned particularly in the field of biological medical research, and this foundation is not either.

Mr. Keele. But, of course, Carnegie is for education, you remember.

Mr. Straight. Yes.

Mr. Keele. So they are, it would seem to me, exactly in the field where the greatest possibility of danger occurs. I am not taking the Rockefeller or the Carnegie Institutions.

Mr. Straight. As you can see from our grants, we are particularly interested in these fields of labor organization and education, and there is no question at all that in those fields the Communist Party was a very active underground force during the life of this foundation.

I think it would have been very remarkable—it would probably have been more a matter of luck than intuition—that we had a perfect record during that period from your point of view.

Mr. Keele. I suggest the possibility that smaller foundations—and by that I mean foundations, shall we say, under $6,000,000—might be more subject to the victimization than the larger foundations by reason of the fact that they are not able to afford the large staff for investigation. Do you think that is a fair suggestion?

Mr. Straight. I do, sir. I think against that you have got to set the fact perhaps that the directors of this foundation are themselves active in their own professional way in many of these fields, in a general way.

Mr. Keele. I don't follow that. The trustees, you mean?

Mr. Straight. Yes, sir.

Mr. Keele. Will you say that again, please?

Mr. Straight. That the directors of certainly this foundation——

Mr. Keele. You mean the trustees now or directors; is that right?

Mr. Straight. The trustees or directors of this foundation are themselves active or follow actively the general field from which these applicants come, which may not be true, for example, in the case of a
Carnegie director who is asked to give funds to the field of labor education. I say that now in no sense as a criticism.

Mr. Keele. I am not sure that I quite understand you, but do you mean to say that the directors or trustees, as it may be—are you referring now to the Whitney Foundation or to small foundations generally?

Mr. Straight. I am referring principally to the Whitney Foundation.

Mr. Keele. All right—that the directors or trustees of the Whitney Foundation are interested, shall we say, in these friction areas?

Mr. Straight. Yes.

Mr. Keele. To a greater extent than the trustees of the Carnegie Foundation?

Mr. Straight. Yes.

Mr. Keele. In other words, they are playing closer to the danger zone!

Mr. Straight. That is correct, which is also a zone of challenge and opportunity.

Mr. Keele. Which they have every right to do. No one is challenging their right to do so.

Do you think that applies, or do you have information and experience enough to say whether that applies, to the smaller foundations generally?

Mr. Straight. I couldn’t answer that question, Mr. Keele.

Mr. Forand. Do you have any way of following through once you have made a grant, to see whether or not the money is used for the purpose for which it was given?

Mr. Straight. Mr. Forand, we do our best and, for example, to take one project, the Highlander Folk School I mentioned to you before is the type of project which will always run a small deficit because the trade-unions themselves do not appropriate funds for education, but which we feel is in a significant field.

The Highlander Folk School has been active throughout the life of this foundation, and the foundation in general continued support although it saw no immediate opportunity of the Highlander Folk School becoming at any time self-sufficient. On the other hand, the Highlander Folk School suffered from some of the residual problems of labor organizations themselves.

On its board of directors, for example, which was open to all members of the CIO, were representatives of the Mine, Mill, and Smelter Workers, of I think at least one other union subsequently expelled from the CIO.

Now, that problem led to a crisis in the Highlander Folk School in 1947 and 1948, in which the directors of the steel workers on the board, supported by the directors of the gas, coke and chemical workers, of the textile workers, of the leading non-Communist unions in the CIO, forced the issue and compelled the representatives of those unions to resign from the board, by requiring all members of the board and all staff members to in effect take a non-Communist oath.

And that led to a great deal of friction, of debate, which I endeavored to follow quite closely to find out in fact what the issue was.

I consulted leading members of the CIO about it, and was considerably troubled about it to find out whether in fact the Whitney Foundation should go on contributing to the Highlander Folk School.
The Highlander Folk School is now organized on a completely different basis. The unions themselves staff their own conferences here, and the staff of the school itself has been reduced, but these leading unions have never had any question at all.

People like Philip Murray, whom I consulted about this, have no question at all that it was useful in their general struggle on behalf of the principles they stood for in their opposition to the Communist Party, to have the Whitney Foundation support the Highlander Folk School.

Mr. Forand. That was the case, of course, where they were doing self-policing and the thing came out openly, but in some of your other smaller projects where you allowed a grant of say $1,000 for a specific job, is there any way at all that you follow that through?

Mr. Straight. Yes, sir, we do. We write steadily through the year to the recipient and require them to make in our opinion reasonably full reports to us as to how the funds have been used.

Mr. Forand. Now if you should find one that is not using the funds for the purposes for which they were made available, is there any way that you could stop your grant and get a refund say?

Mr. Straight. I would doubt that, sir. Another example was the organization mentioned by Mr. Keele, the Southern Conference.

Now we gave initially there, as I said, for the purpose of education, for the study of suffrage in the South and specifically for the poll tax, and that study continued, but we came to feel after a time that the Southern Conference was in fact becoming more of a political and organizational movement, and therefore we tended to become rather doubtful about the wisdom of giving foundation aid to the Southern Conference.

Subsequently the Southern Conference was split, and Mr. Keele was referring to one part of it. The other part of it, the Southern Conference Educational Fund, has still continued under non-Communist auspices and still enjoys tax-exemption.

However, we felt that the usefulness of the Southern Conference from our point of view had come to an end during this period in which it was in fact attempting to become a different type of organization.

Mr. Forand. From then on you made no more grants?

Mr. Straight. That is correct.

Mr. Forand. But no attempt was made in any case to retrieve the funds that had been allocated, if you found they were being misused?

Mr. Straight. I am not aware of any, sir. I think that could involve us in quite serious problems since we presumably made a legal obligation when we inform an organization that funds will be made available to it.

Mr. Rose. Might I just interject here that we have a practice of making only 1-year grants. We are never committed beyond the relatively small amounts you find as the annual grant.

Mr. Forand. So all you have to do is stop making grants and cut off the project, so to speak; is that the idea?

Mr. Rose. That is correct.

Mr. Simpson. Keeping in mind the conditions as you recall were existent when these grants which are being criticized now were made, and in retrospect, would you say that those grants were unwise?
Mr. Straight. I would say, sir, that this whole country has learned a great deal that it was not aware of at the time some of these grants were made. I would not make these grants today, for obvious purposes and reasons.

Today, looking back on it, for example, the Frontier Films is mentioned, that film that we helped support was made on the subject of civil liberties. Now, looking back on it, the film was very highly reviewed by the New York Times, by the Brooklyn Eagle, by the New York Herald Tribune. Now if it was unwise, perhaps, it was an "unwisdom" which was shared by those newspapers generally.

I would be very hesitant to use hindsight, but I would say that today we are all a great deal wiser concerning the interrelation of communism, democracy, and the role of the Soviet Union than we were then.

Mr. Simpson. Who is wiser; you, the directors, or the other directors?

Mr. Straight. I believe the whole Nation is, sir. I think I am, and I think the other directors are.

Mr. Simpson. What do you do today to avoid making grants to a fringe organization? How do you examine into it now as you didn't examine into it a few years ago?

Mr. Straight. Well, we have stated in our questionnaire, in the reply to your questionnaire, that we do make use of the material that is available, the guide, various other organizations which make a point of listing groups.

We certainly, I think, are very slow to support any organization that we have any question about, but basically beyond the guide, when you say a fringe organization, I take it you mean one of questionable nature.

We can only relay again on our own intuition, on the advice of the people we trust, and I would think that we are now quite experienced in that field.

Mr. Simpson. In the final analysis, it is still a personal matter for the directors.

Mr. Straight. Well, it seems to me it can only be so where there is no legislation, where there is no ruling laid down.

Mr. Simpson. Whether you have a staff or not.

Mr. Straight. It is still a personal matter. I think you will find in the case of Rockefeller that where there were questionable grants under discussion, the staff simply forwarded those applications to the directors and let them decide without a recommendation, and whether we had a large staff or not, the same problem might arise.

Mr. Simpson. Do you see value in the risk, in taking the chance with an organization about which you have the least bit of question? I want to say that perhaps there is.

Mr. Straight. I think if you are going to operate in this—what Mr. Keele has called an area of friction, which to me is a very decisive area in this country—and I think that when the CIO purged itself of the Communist Party, that was a very major victory which could not have been obtained by the Congress or by the Government.

When you are in this field, obviously, there is risk. I think today we have the information and the insight to make that risk very much less than the benefits.
Mr. Keele. Mr. Straight, have you changed your views with reference to the question of whether the Communist Party in this country constitutes a clear and present danger from what they were in 1950, shall we say?

Mr. Straight. I testified on the McCarran Act, sir, before the committee under the chairmanship of Congressman Wood, and I said then at that time my own experience in combating the Communist Party as I combated it with no relation whatever to the Whitney Foundation, but in my own professional capacity, my own experience led me to believe that the McCarran Act would not help people like myself to set back the Communist Party in the factories and in the organizations where the front lines in fact existed.

I still hold the view that legislation is not the final or the only answer to this matter, and in fact may be a hindrance.

Now, I certainly regard the Communist Party as a danger to this country, as a source of espionage and subversion. I think there is no question about that at all.

Whether it should be declared illegal or not, or whether it can be under the Constitution, as a clear and present danger, is a matter that I think I am not equipped as a nonlawyer to determine.

Mr. Keele. I don’t mean to rip a sentence out of context of a general statement which was made. You are quoted here as saying, “We don’t believe that the Communist Party today is a clear and present danger.”

Mr. Straight. Yes. Well, I was using that phrase, so—I assume that is from my testimony?

Mr. Keele. Yes.

Mr. Straight. In relation to Justice Holmes’ famous dictum, as to whether a danger clear and present existed, compelling the country to take action by the legal suppression of this group, and in the sense that I believed at that time that there was no constitutional means of suppressing and outlawing the Communist Party, under Justice Holmes’ dictum, I felt that in that sense it was not a clear and present danger.

It certainly to me is a danger, but I question—I am not sure it is one in the sense that Justice Holmes used the phrase in denying that a Communist Party member at that time could be prosecuted with as such.

Mr. Keele. Well, as I said, I was not trying to rip the sentence out of its context, and I take it from what you have said that speaking now within the framework of Justice Holmes’ remarks, you would say the Communist Party is a clear and present danger today; is that right?

Mr. Straight. I certainly would; yes.

Mr. Keele. I wanted to give you that opportunity because I thought you meant in an entirely different light than you stated it here.

Mr. Straight. Thank you. I certainly would.

Mr. Keele. I think I have no further questions, Mr. Chairman.

Mr. Forand. We have no further questions. We thank you gentlemen for your appearance.

The committee will be in recess until 2 o’clock.

(Whereupon, at 12:05 p.m., a recess was taken until 2 p.m., this day.)
Mr. Forand. The committee will be in order.
Mr. Keele, will you call your first witness, please?

Mr. Keele. Mr. Field, I understand that you would like to have
Mr. Hahn sit with you at the witness table.
Mr. Field. Thank you very much. He is a director and secretary
of the foundation.
Mr. Keele. Now, for the record, will you state your name, your
residence, and your connection with the Field Foundation, Mr. Field?

STATEMENT OF MARSHALL FIELD, PRESIDENT, THE FIELD FOUN-
DATON, ACCOMPANIED BY MAXWELL HAHN, DIRECTOR AND
SECRETARY, THE FIELD FOUNDATION

Mr. Field. Marshall Field, Lloyds Neck, Huntington, Long Island,
N. Y.; president of the Field Foundation.
Mr. Keele. Mr. Field, you have other work that you are engaged in
besides that, have you not?
Mr. Field. Yes, I have.
Mr. Keele. And what is the nature of that work or business?
Mr. Field. I am president of an organization called Field Enter-
prises, publish the Chicago Sun-Times, the World Book encyclopedia,
Childcraft, a radio station in Chicago, WJJD, and hold interest in
Mr. Keele. All in the nature of work in publications, are they not?
Mr. Field. The publications field.
Mr. Keele. I wonder if you would be kind enough to pull those
amplifiers a little closer to you.
Mr. Field. I am also, of course, a director and a member of the
Mr. Keele. Will you tell us the approximate size and assets of the
Field Foundation?
Mr. Field. Somewhere between $11 and $12 million.
Mr. Keele. And what over the last 4 or 5 years is the average income
that you derive from that?
Mr. Field. Between six and seven hundred thousand dollars.

Mr. Keele. And will you tell us the general nature of the activities
or the fields of activities in which your foundation has engaged?
Mr. Field. I wonder if I might just take the time of the committee,
it might shorten the time, if I could just read the introduction to our
first annual report, which I think gives pretty much the whole story,
without taking too much time.
Mr. Keele. I have seen it, and I think it would be helpful to the
committee.
Mr. Field. I think this perhaps covers the ground rather better
than I can do it.

This is the first published report of the Field Foundation, Inc. It summarizes
activities of the foundation from its incorporation in October 1940 to September
30, 1949, end of the last fiscal year. It is the corporation's intention to publish
annual reports each fall so that all who are interested in this nonprofit fund,
established for public benefit, may know which organizations have been aided,
the trend of the foundation's giving, its policies and purposes, and its financial
position.
From time to time, I am asked about the origin of the foundation. There are several reasons why I decided in October 1940 that I should establish the Field Foundation, Inc. For one thing I found that a busy schedule of civic and business responsibilities did not allow time to exercise thought and discrimination in deciding upon the merits of the hundreds of appeals for donations addressed to me personally. Moreover, I am opposed to giving of money on a paternalistic or emotional basis. Such gifts, made impulsively and without appropriate study, are frequently resented by the recipients and in any event are extremely unlikely to achieve constructive results.

With these considerations in mind and convinced that the inheritance of large sums, which public opinion is more and more likely to limit in the future, imposes on the recipient of such funds something in the nature of a public trust, I decided to organize the foundation. I found that there are many devoted men and women—experts in their fields—who are willing to give of their time and experience in order to assist in the constructive distribution of funds available for philanthropy. The members of the foundation are residents of Chicago, New York, Philadelphia, Washington, and New Haven. They are highly qualified in their respective fields and sensitive to the social needs of the community. I am glad that I have been able to vest control of the foundation’s policies and funds in these members, and I am very grateful to them for the time and thought that they are giving to the foundation from day to day. It is the hope of the members that by experimentation a few ideas and social techniques may be helped to germinate which will eventually prove to be of enough value to be adopted by the community.

Among the first decisions a foundation faces is whether to operate research and experimental projects directly, whether to focus its efforts on making grants to other organizations, or whether to do both. Our board decided that for the present the Field Foundation, Inc., would be primarily a grant-making foundation.

The charter and bylaws give the board of directors wide discretionary powers. In accordance with the provisions of its charter, the foundation limits itself exclusively to “charitable, scientific, and education” purposes and operations. The foundation cannot and does not seek to influence legislation or to engage in propaganda. No grants are made except to organizations having similar purposes which have been granted Federal tax exemption. The foundation is not limited to assistance to organizations and institutions within the United States. Both principal and income may be expended. Thus the foundation is assured freedom of action to meet changing conditions.

As the treasurer’s report shows, the foundation has assets of $11,000,000. No spectacular increase in the foundation’s principal is foreseen. Therefore, unlike the foundations with principal funds many times larger than ours, we expect to operate with only a small administrative staff.

Interested friends, wholly unconnected with Field interests, have indicated their confidence in the board and its actions, in certain instances, by generously contributing cash and securities to the foundation and, in other instances, by advising the foundation that it has been named as a beneficiary in their wills.

In the beginning, the foundation’s grants were distributed over a relatively wide range of recipients. More recently—as appears from the report—the board of directors has decided that the principal areas of interest of the foundation will be the problems of children and those arising in the field of interracial and intercultural relations. A small percentage of income is allocated to germinal projects outside the fields of major interest.

In the pages that follow is set forth other information, including review of the foundation’s grants and the treasurer’s report.

Does that answer the question about the purposes?

Mr. Keele. I should think so. Would you tell us how you happened to decide on the particular fields, Mr. Field?

Mr. Field. Well, it was the outcome of quite long discussions by the board. There are very large foundations that are very much interested in the medical field. Now, we didn’t want to exclude ourselves and don’t intend to exclude ourselves from the medical field.

However, there are such vast funds given by some of these larger foundations to that field, and also in the field of the natural sciences, that we thought there had been not enough devoted to the social
sciences. Therefore, that seemed to be our best chance to make some kind of an impact.

Mr. Keele. Who determines what grants will be made? I mean, do you do that through the board generally, the trustees or directors, or is it done by your staff primarily?

Mr. Field. Well, the application in the first instance comes to the staff, comes to Mr. Hahn here. Mr. Hahn has a couple of secretaries who can get them into shape and so on.

Then he goes over it, and then my office is quite near his, and if the thing is obviously so far from our field that it is not worth bothering anybody about, we don't go any further than that.

If there is the slightest doubt in our mind, however, it is put down and the thing is carefully outlined, and all the applications are sent to the board of directors in advance of the meeting. They have probably a week or 10 days to look at them.

Now, in particular cases which are in one of our directors' fields, the directors have been awfully good as acting sort of as voluntary committees to inquire more about and get more facts about any organization that asks us for money. Eventually the grant itself is passed upon and how much by the whole board of directors.

Mr. Keele. You use your board of directors or lean upon them heavily, I take it, for decisions in this field, once they have been passed on by Mr. Hahn?

Mr. Field. That's right, and I don't think we have ever passed on anything unless it is unanimous, after discussion with the whole board. If there is any objection to it, we just decline it.

Mr. Keele. You have a board of 15 members, as I understand it.

Mr. Field. That's right.

Mr. Keele. Which is comparatively a large board for a foundation of your size, and I assume that was done deliberately in order that you might have as broad a range of judgment as you could.

Mr. Field. Well, there is one other thing there. I wanted my children, who are very interested, naturally, to get the experience of this kind of giving and this kind of work, and they were interested to come on the board, and I never wanted the family itself to be in the majority.

In other words, I wanted outside people to have a majority, so having three children on the board besides myself, that starts with a certain number for the board.

Mr. Forand. Is your board and directors and the trustees the same?

Mr. Field. They are the same, yes. They are all called directors in our case.

Mr. Forand. Are any of them paid?

Mr. Field. None of them are paid.

Mr. Keele. I notice also that your directors are drawn not exclusively from New England and New York. You do have directors from other portions of the country. I wish you would tell us about that, how that has worked out, and why you decided to do that.

Mr. Field. That is right, yes. We wanted to cover the field as much as possible. Of course, a great deal of this money was made in Chicago originally, and should return to Chicago. It was felt that a good Chicago representative was very much in order, besides the family.

Naturally, under the circumstances, a great many Chicago applica-
tions come to us, so we have those. Now as far as the other ones are concerned, New Haven happens to be Dr. Senn, who is the head of the Child Development Institute—he happens to be there because he is an expert in that particular field, and I think that about really covers the reasons. They are all awfully good about attending meetings. We hardly ever don't have a very full attendance.

Mr. Keele. That was the next question I was going to present to you, as to whether or not you found from experience the fact that some of your directors lived at some distance from New York caused any absentee problem at your board meetings.

Mr. Field. Very rarely. Every now and again it is hard for a Chicago director to get out, but we keep him fully informed of what has been done or is about to be done, and if he has any comments to make, he writes them in, but as a rule they come on. They have been awfully good about that.

Mr. Keele. Do you know roughly about what percentage of your expenditures are made in the field of mental health, if we can call it that?

Mr. Field. Well, that would be rather hard.

Mr. Keele. Just roughly.

Mr. Field. I have some categories here.

Mr. Keele. Whether it would run at 50 percent, 40 percent, or some such figure as that.

Mr. Field. I wouldn't think that high, no. If you include in the question of mental health perhaps children's institutions, where there are some pretty sick children, then a quite big proportion would run that.

Mr. Keele. Perhaps my characterization was not a fair one of mental health. I was using that generically to cover the care of children, and in some cases it is not a matter of emotional adjustment that you are working with there, perhaps.

Mr. Field. It is fairly liable to be these days. You would be surprised how few orphans there are today, compared to what there used to be.

Mr. Keele. How few what?

Mr. Field. How few orphans there are. That is something that has changed very much. The average length of life of people has gotten to be so much older, that you don't find nearly as many orphans as you used to. They are generally there for other causes, because they are disturbed in some way.

Mr. Keele. In other words, the increased longevity that medical science has endowed us with.

Mr. Field. That is the word I was looking for.

Mr. Keele. Has had the result of giving us fewer orphans.

Mr. Field. That's right.

Mr. Keele. Mr. Field, what do you conceive, to be the place or function, the primary function, anyway, of foundations in our society?

Mr. Field. Well, I think that by the time that I established the foundation, it had been fairly well established and I just have taken that pretty much to be that the objective is a good one, and that they have done a great deal.

You only have to read the records of the Rockefeller Foundation and some of these other foundations to just see what they have done for this country and for humanity in general.
I believe that a foundation can do a lot of things that other people can't do, that it is hard to do personally, because of lack of knowledge and so on. It is hard for the Government to do it, because it is hard for them to experiment, and I think foundations can experiment and can afford to make mistakes.

And probably, if they don't make some mistakes, they are actually not doing a very good job, which probably means they are pretty careful, perhaps too careful. I don't mean they shouldn't be careful from many points of view, but I am talking about the kind of experimentation that is done, is done sometimes on somebody's idea, as it is in medicine, done on somebody's idea, and it may be failure, and quite often is a failure.

**Mr. Keele.** I gather that you subscribe to the view that has been expressed here so frequently, namely, that the primary function of foundations is to experiment, to push back the frontiers, shall we say, of knowledge, to do that which the Government and individuals—

**Mr. Field.** There are a lot of excellent organizations that have so much public support, and you know that one contributes to individually and the country in general contributes to individually that are thoroughly established.

I don't think that is the realm of a foundation. You could easily give all of your money away contributing to very well known organizations, but it seems to me that the general public is able to do that, certainly in these days.

**Mr. Keele.** Now you mentioned the fact that you had a report. What is your view with reference to whether foundations should make a full accounting or a full reporting of their activities?

**Mr. Field.** Well, I think it is very important and completely right that they should. After all, as I say here, it is pretty much the nature of a public trust. I would say that it was very important that they should, and I think that everybody should be required to. I can see no reason why they shouldn't.

If it is a small foundation, then they have got a small amount to account for. If it is a large foundation, they have presumably got the staff to do it.

**Mr. Keele.** So that it would not fall with undue burden upon the smaller foundations because their activities are restricted by their size?

**Mr. Field.** I wouldn't think it would. Now, may I just refer a minute—

Max, you don't find it too difficult to get out an annual report?

**Mr. Hahn.** No, sir.

**Mr. Keele.** The question has arisen. I think Dr. Bush raised it as to whether or not it might possibly be a burden on the small foundations.

I think he was referring to the very small foundations where they may have only a few thousand a year, but I think Mr. Field has pointed out that in that case their report ought to be comparatively simple and easy to make.

**Mr. Field.** Yes; I think you could just do it from your checkbook pretty much; couldn't you?

**Mr. Keele.** Checkbook accounting.

Mr. Field, we would like to have your views on the questions I am going to propound to you, primarily because you are not only in
foundation work, shall I say, but that you have had considerable experience in the field of publications.

We have been wondering and have asked some witnesses their views as to whether or not the mere fact that there is an investigation being conducted of foundations would have any effect on foundation giving and upon foundations. What do you think of it?

Mr. Field. Well, I would think it was a pretty good thing, really. In other words, I think people are liable to go along and take things pretty much for granted, and this kind of questioning and questionnaire makes you stop a bit and think what you are doing and how much of this is beneficial.

As I say, I still think that you are going to make mistakes if you are going to do anything. That is inherent, I think, in almost anything; but I can't imagine its having a bad effect.

Mr. Keele. It has been suggested here that the mere investigation itself may tend to make more timid the smaller foundations who are less professional, let us say, in their approach to their problems, may make them more conservative, less willing to hazard money on experiments and so forth.

That naturally is a matter of interest to the committee. That is why I asked that. The other view, too, has been expressed that it was desirable. We are interested in getting your views, because those two views have been expressed here.

Mr. Field. It is pretty hard for me to speak for these smaller foundations. It is hard to say what effect it will have on them.

I would not call ours a very large foundation as foundations go these days, but I don't think that it would stop us from considering any applications that we always have considered.

Mr. Keele. As I recall it, your answers to our questionnaire were rather interesting where you talked about the mistakes of a foundation and of foundations generally.

Would you discuss that? What do you think are their mistakes, if any, and what their problems are, their main problems?

Mr. Field. Well, I think possibly one of the troubles is that you are likely to scatter what money you have got so that it is pretty ineffective, if you don't take a good deal of care.

There are always a lot of people who sound pretty persuasive and are very persuasive and who have perfectly excellent objectives or believe they have excellent objectives; but, if you scatter it too much, I don't see how you can do a very effective job. I think that might be one of the chief dangers.

Mr. Keele. I know that you also said—and this has been touched upon but not emphasized in other answers—"Not recognizing the public interest in their activities" as a possible mistake of foundations.

Mr. Field. I think it is possible. I mean, I hope we haven't been guilty of that, but I would think that probably might be a mistake; yes.

Mr. Keele. It has been suggested that better public relations were perhaps indicated. The thought has been expressed here by a number of witnesses that the foundations have suffered in the public mind, at least, by reason of the fact that their activities were not better known and better understood, and I assume that is what you are talking about here: that there is a public interest and that maybe they have not recognized how great the public interest is.
Mr. Field. I think that is possible; yes.
Mr. Keele. Of course, public accountability or public reporting such as we are talking about is aimed at that very thing as you understand.
Mr. Field. Yes.
Mr. Keele. Not all foundations publish reports.
Mr. Field. Yes.
Mr. Keele. In fact, I should think the very small minority of them now publish a report of their own volition.
Mr. Field. I am surprised to hear that, to tell the truth.
Mr. Keele. I think it can be put this way: that, of the larger foundations, most of them do; but the larger foundations are in the great minority, so far as foundations in number are concerned.
Mr. Field. Yes. I think one of the other things we did call attention to is this: that you have to be a little careful when you are giving foundation money away, not to attack sort of palliatives rather than try to get at the cause of things.
I think you can spend an awful lot of money trying to do something palliative in the way of looking after disease, for instance; but perhaps the best way for a foundation to approach it is to try to get at the cause and see if something can't be done there.
That is a little bit of what we are trying to do in the children's field: to see what it is that causes these children to get into the things they do and lead unhappy childhoods.
Mr. Keele. Now, in answer to our question as to any grants that have been made to organizations or persons who have been cited or criticized by the House Un-American Activities Committee or the McCarran subcommittee, or have been listed by the Attorney General as subversive, I believe you listed the following:

The following grants-in-aid were made from 4 to 7 years before it was announced October 21, 1948, that Attorney General Tom C. Clark had listed the organizations as subversive and the Bureau of Internal Revenue stripped the organizations of a tax-free status.

You listed the following: $2,500 given as of October 15, 1941, to The Open Road, Inc.; October 15, 1942, $1,000 to the People's Institute of Applied Religion, Inc., of Evansville, Ind. Will you tell us about those two grants, please?
Mr. Field. I think we have all the details here. I think perhaps I can tell it very shortly.
The Open Road: The actual applicant in that case was the president of Smith College. The idea, which seemed to us a very good one, was that there was to be a sort of travel bureau to help students from different colleges travel around the country under proper guidance.

Now, apparently at some later date, this was pretty much taken over by the Commies, because that seems to have been the conclusion arrived at by the Attorney General anyway, and the board of directors and the direction of it seemed to us absolutely impeccable at the time that we made the grant.
Mr. Keele. And, with reference to the People's Institute of Applied Religion, you have set forth these reasons in the answers to the questionnaire, but I think perhaps it is preferable to have you state what you know of them here. If you want to refer to that, you may.
Mr. Field. I think possibly on this one I might.
Mr. Keele. Page 39.
Mr. Field. $1,000 was voted to the People's Institute of Applied Religion in Evansville, Ind. The application was for grant of $4,000 and represented that the People's Institute of Applied Religion is doing a vital and most timely work in promoting tolerance and active brotherhood among impoverished rural citizens in the South. [Reading:]

It was further stated that, while many organizations in the field of tolerance were doing worthy work among the middle classes, the People's Institute was alone in carrying the message of tolerance to sharecroppers and Negroes.

The grant was not paid until December 15, after the People's Institute sent the foundation a copy of a letter signed by T. Mooney, Deputy Commissioner of Internal Revenue, holding the People's Institute to be exempt from Federal income tax under the provisions of section 101 of the Internal Revenue Code.

Second and final grant-in-aid of $500 was made to the People's Institute of Applied Religion while the war-emergency board of the Presbyterian Church of the U. S. A. was employing the Reverend Claude Williams, director of the People's Institute, to work in Detroit under the Detroit presbyterian direction. The second grant was made in 1944.

As I remember it, this came pretty well recommended. I mean we had the Presbyterian Church people, and I think the Unitarian Committee both recommended this to us. I think that was probably the reason of the grant.

Mr. Keele. I think there are many other organizations which have been listed and criticized which you did not list and to which you gave funds. In 1942 you gave $2,500 to the Southern Conference for Human Welfare, and in 1945 you gave $5,000 to the same group.

Mr. Field. I am sorry we missed out on listing them there. It was just an oversight.

The way the Southern Conference came into us was an application for a conference at Nashville. I remember it very well, and it came with the very highest recommendation, including a letter from the White House signed by the President saying he thought this was a good thing.

It seemed to us to have an excellent objective; that is, to have a conference on how best the South might mobilize their resources of manpower for the war effort. With that introduction as I remember it, they made another application at some later date for a grant-in-aid, which we also granted. This was of course sometime before we knew anything about their appearing on the list.

I don't think they ever have appeared on the list actually. I don't think they have ever been cited.

Mr. Keele. They are cited at page 104 of the House Un-American Activities Guide to Subversive Organizations. It probably was not cited at that time.

Mr. Field. As I remember it, they protested that, and I rather think they were relieved from that allegation. I think at some later date they protested it.

Mr. Keele. We were checking on that this morning. I think they did protest it, but I believe it stands.

Actually, this is the latest publication, May 14, 1951, and it does stand at page 104, Southern Conference for Human Welfare.

Then there was a gift by your organization or grant which was not listed; namely, one to the American Council of the Institute of Pacific Relations. That was for $1,250 in 1943. I think we talked about that awhile ago—that is, before we came over here—and I think you might make such explanation as you gave to us about that.
Mr. Field. That request came in for a conference—this conference up in Canada. I think again it was really to try to see what might be done to get India and some of these other countries together. I am sorry I am a little vague about it.

Mr. Hahn. This is the original application.

Mr. Field (reading):

This is to request a special grant of $2,500 from the Field Foundation toward the expenses of the forthcoming international conference of the Institute of Pacific Relations at Mont Tremblant, Quebec, December 14.

This conference promises to provide the occasion for an important study of the basic problems of cooperation in winning the war in the Pacific and securing some lasting adjustments in that area. The grant of the sum requested would contribute materially to the success of the program.

Mont Tremblant is the eighth in a series of triennial IPR international meetings. The value of such conferences depends on the quality of the persons attending and the thoroughness of the preliminary preparation. Outlook for this conference is encouraging from both points of view.

Then it goes into the probable personnel, which it certainly seemed to us was very impressive.

Mr. Forand. What was the date of that?

Mr. Keele. 1943, and that is the same meeting to which Mr. Straight testified this morning, I think.

Mr. Field. I think so; yes.

Mr. Keele. The Whitney Foundation.

Mr. Hahn. Yes; that's right. That is the same one.

Mr. Field. I see a lot of pretty familiar names here which I think probably influenced us to make the grant.

Mr. Keele. Well, perhaps I should reserve this question for Mr. Hahn, but because there are well-known names, your mentioning of that leads me to question you as to how extensively you examine into these applications or into these grants. Do you do it merely on the basis of their having impressive names?

Mr. Field. Oh, no, no. We have to know, but the Institute of Pacific Relations at that time, I am frank to say, is looked upon as an excellent educational institution, and probably knowing more about the east than any other institution.

The fact that they asked for the grant would at that time have certainly made me think that it was a worthy project.

Mr. Keele. All right. In other words, at that time you had no idea that there was any reason for suspicion of that organization?

Mr. Field. No; none whatever.

Mr. Keele. And I believe that is the only grant you made, that one in 1943?

Mr. Field. That's right.

Mr. Hahn. There may have been one other after that. There may have been a small one after that; I am not sure.

Mr. Field. I don't think so.

Mr. Keele. We haven't caught it.

Mr. Field. I don't think so.

Mr. Keele. Now, one of the questions which I should like answered is with reference to one of your trustees, Dr. Channing Tobias.

The reason I ask with reference to him is simply that he has been identified with a considerable number of organizations which have been listed as Communist-front organizations; and, therefore, the finger of suspicion does point toward him. Would you tell us about
Dr. Tobias, what you know of him, why he was selected for your board?

Mr. Field. I will be very glad to. I have the greatest respect for him. I think him one of the most intelligent members of his race I have ever met, and one of the wisest. He is a great leader; he is quite a leader of his race, and was with the YMCA and also with the Phelps Stokes Fund. He had some experience with foundation work there with the Phelps Stokes Fund.

I think perhaps the answer to his belonging to these organizations may be best reported in his own words, which were in answer to some questions that were asked by the subcommittee of the Foreign Relations Committee of the Senate on the question of his going abroad or not.

I think he said at that time, as I remember it, that he could not have remained a leader of his race if he hadn’t taken part in some of these organizations in which they were interested; and I am quite certain that, if they had a Red tint or were communistic, he would fight it very strongly from within. I have no question about that.

As I say, all his advice that he has given us shows the greatest wisdom and consideration and, furthermore, he saved us from a lot of very foolish grants. I think, in race relations which didn’t really have any validity.

Mr. Keele. Well, it is true that a number of the instances in which he has been identified with organizations which have been labeled by the House Un-American or by other bona fide groups of the Government or organizations of the Government had to do with Negro affairs.

For instance, he was on the Council on African Affairs in many capacities, and he wrote a great deal for them. He was identified with the Southern Conference for Human Welfare, also.

Mr. Field. I think the moment Dr. Tobias got any idea that an outfit was communistic, he resigned from it. I think he has resigned from all these things sometime ago.

I do think we have to remember this, Mr. Keele. I am sure you do: That there are a lot of organizations which were started with perfectly worthy purposes and under good auspices, that were taken over and have been taken over. I mean that is a regular technique. I have seen it happen several times where a perfectly good organization will just get taken over, and the next thing you know they are on the Attorney General’s list, but I don’t think in a great many cases they started with a bad idea or started with any communistic tinge at all.

Now I just can’t speak—I am sorry—for Dr. Tobias’ affiliations, because I really don’t know all those well enough, exactly what his purpose was, but knowing him, I am sure it was a good purpose.

Mr. Keele. I think we told you earlier today in our office that it has been charged on very good authority that Dr. Tobias had been identified with or affiliated with or connected with some 48 Communist-front organizations, and the large number of them give rise to apprehension, of course, as to the man’s intentions. That is why the matter has been brought to your attention.

Mr. Field. Well, I would just be so sure, knowing him, that his intentions were good; I just couldn’t believe anything else without very strong proof, frankly.

Mr. Keele. All right, we will move to a more personal charge now, or at least a question.
With reference to you, Mr. Field, on the letterhead of the American Committee for Yugoslav Relief, dated August 6, 1945, it listed you as a sponsor of that organization. It was later cited by Attorney General Clark as subversive and Communist in letters furnished the Loyalty Review Board and released by the United States Civil Service Commission June 1, 1948, and September 21, 1948.

The American-Slav Congress of April 26, 1950, also was cited by the Congressional Committee on Un-American Activities in its report as a Communist front which was actively supported by the Daily Worker, the official organ of the Communist Party of the United States of America. Is there anything you would like to say about that, any explanation?

Mr. Field. I remember at the time it was represented to me and I thought by reliable sources, as a completely bona fide relief organization actually to provide relief to women and children. I think one of the things was they were collecting clothes, as I remember, for Yugoslav relief. Of course at that time that sounded to me like a perfectly all-right purpose, just as pure relief.

Mr. Keefe. And you did have some personal knowledge or acquaintance, did you not, with some of the people who were heading that and in whom you had confidence?

Mr. Field. Yes; there were two or three, I think; two or three ladies there in New York that I knew that were pretty active on it and whom I wouldn't have the slightest question about.

Mr. Keefe. All right; now there was another occasion that I would like to ask you about. You were listed as the sponsor of the Chicago council of the National Council of American-Soviet Friendship, as shown by letterhead of the organization dated September 17, 1951.

Mr. Field. That was never called to my attention until just about that time. I don't know just where they got that. My secretary pointed it out to me. She found it in some way. Either the letter came to the office at the Sun-Times or something, and I protested it vigorously and had no knowledge that it was on there at all.

Mr. Keefe. That was done, as I understand it then, from what you have told me heretofore, without your knowledge or consent?

Mr. Field. That is right.

Mr. Keene. What kind of a protest did you make?

Did you make a protest to the organization, Mr. Field, to have them remove your name from their letterhead, or what did you do?

Mr. Field. As I remember it, I had my secretary call them up to tell them to quit doing it, and Max reminds me that I also wrote a letter at the time.

Mr. Keefe. There was only one other person connected with your foundation about which we wish to question you, Mr. Field, and that is with reference to Justine Wise Polier.

You will recall before we came over here we discussed some of the problems we had there. She was connected with the National Lawyers Guild and with the National Committee of the International Juridical Association, both of which have been cited by the House Un-American Activities Committee. She was also a member of the Lawyers Committee on American Relations with Spain. That, too, has been cited. There are one or two other instances where she has been associated or identified either by her name appearing on the letterhead of organ-
izations or having written articles for those organizations. Would you tell us something of what you know of Judge Polier, why she is on your committee and what you think of her?

**Mr. Field.** Well, Judge Polier has been a judge of the court of domestic relations in New York for over 15 years. I have actually sat in her court and listened to the way she handles children, and I really think that perhaps she is the greatest expert, I would say, not the greatest expert but among the greatest experts on children's courts in the country. I mean she is, I think, a recognized authority. She has written a book on it which is very widely quoted.

I have always found her the most charming person, the most understanding person about children, of anybody I know. Furthermore, I have dined at her house and she has dined at mine, and I would never have had the slightest—I wouldn't have the slightest—hesitation in saying that she has never by any intimation shown any communistic leanings.

As a matter of fact, she sort of inherited from her father, I think it was, the American Jewish Congress, the head of that, and she got into a really tremendous fight there to kick out a couple of organizations that belonged to it that she considered and were considered to have a Red tinge at least.

I am not saying they were or weren't, because I obviously don't know, but I know that she was very much criticized by the left wing for her action there.

**Mr. Keele.** Well, she was selected, I gather, from what you have told me heretofore, primarily because of the work of the foundation with children and because of her great knowledge in that field; is that correct?

**Mr. Field.** Absolutely; yes. She has not only knowledge of work in the court, but through the court you see she has so much knowledge of treatment centers, the places that children are sent to, that her advice is really invaluable in that way.

**Mr. Keele.** Well, you consider her as a technical expert along with—was it Dr. Senn, from Yale?

**Mr. Field.** Yes; in the children's field. I would say Helen Ross and Jim Brown, all of those people through their experience know a great deal about children and children's institutions.

**Mr. Keele.** I have no further questions of Mr. Field.

**Mr. Simpson.** I am interested in this question as to whether you think, Mr. Field, that the growth of foundations should be encouraged?

**Mr. Field.** Well, I should say yes, on everything I know about it. **Mr. Simpson.** You should know considerable about it. Do you think they are in a field that Government does not and should not go into?

**Mr. Field.** I think that if they do not exist, they would leave an enormous gap. Now I suppose that perhaps there might be some question when they get to a very enormous size.

That might be a question as to whether they might have too much power, but I can't conceive that the way they have been handled so far, the large ones I think perhaps even better than the small ones, I can't conceive they do anything but fill an enormous gap that wouldn't otherwise be filled.
Mr. Simpson. Do you think then that they justify the tax advantages they are given?

Mr. Field. I would say so; yes, I would.

Mr. Simpson. And do you think there should be more of them, particularly the smaller ones?

Mr. Field. I would like to see more responsible ones, yes. That depends so much on who runs them and so on, but judging from experience, I would say the more they were, the better.

Mr. Simpson. The more there are, the better, to enter these fields where Government does not or should not enter?

Mr. Field. That’s right. I am no expert at all except as a trustee of a university. I just would wonder what some of these colleges and universities would do for money if it weren’t for individuals and foundations.

Individuals, of course, are allowed to deduct a certain amount. I think it is now 20 percent, isn’t it, of their taxable income?

Mr. Simpson. That’s right, up to 20 percent.

Mr. Field. Up to 20 percent, and I think that is an enormous encouragement, and I would hesitate to think what might happen to some of these university deficits and college deficits if it didn’t exist.

Mr. Simpson. Keeping in mind the present tax laws and the high rates we have, do you think we will have to depend upon foundations for our risk areas?

Mr. Field. I think you do, rather, because the inheritance taxes are so large that an individual is not going to start with as much base capital as you were able to, as I was able to, for instance, because my grandfather made a lot of money.

From now on, after you get through paying the inheritance taxes, you are just not going to have the money unless you make it, and to make enough to give large sums charitably is a life’s work, and everybody is not going to be able to do it.

Mr. Simpson. There is no assurance an individual who may be able out of his current income to make a substantial contribution in one year may do the same thing the next year?

Mr. Field. That’s right.

Mr. Simpson. And so that the foundation does within the limits of its interest provide a continuing source of funds.

Mr. Field. Well, I stated a little while ago that I thought that the foundation’s field was not in the very well-known organizations. Suppose, for instance—which I pray there won’t be—there were a recession or depression where individual incomes went down so that some of these well-known organizations were really suffering for lack of gifts. Then I think a foundation might very well consider giving money to those things to keep them going until things turned around again and individuals could resume their giving.

Mr. Simpson. Yes; except that the foundations are pretty well spending their money today.

Mr. Field. Yes; but they do it on new things, new grants, and maybe it would be better not to take up a new thing. Some day it might be better not to take up a new thing and support something that really needs to be upheld.

Mr. Simpson. A little earlier you thought it was best to go on to the experimental field, at least I understood you to say that.
Mr. Field. That's right, except in this case. I would hesitate to go into an experiment when an organization that was already established was really suffering for lack of funds.

Mr. Simpson. But you continue to think, though, that the great field for the foundation is in the experimental and the so-called risk capital area fields?

Mr. Field. I do; yes.

Mr. Simpson. Of course, that won't provide money then if that were the principal use of the fund, to take the place of the endowments of our colleges, and so on.

Mr. Field. Well, yes, it could, if you stopped giving those grants.

Mr. Simpson. Not to the extent that the money that you give to a college is confined to one particular research area, experimental in nature.

I mean if the time comes that the colleges are—and I understand they are in many instances—finding they have insufficient money as a result of their endowments now not being large enough, if we put our money all into research, we won't have the money then for these colleges.

Mr. Field. Well, may I explain this. I don't know how other foundations keep their books, but what we do is, if we make a grant for a research project of 2 years, for instance, we appropriate that money immediately, you see; so that any income coming in next year is fresh money.

Now, all that would go to new grants. Therefore, if we could stop giving it to the new grant, if things really got bad, as I say, if there was an organization that really had to be supported and individuals weren't able to do it, I think we would provide a cushion there to help them out. I don't know. I am just envisioning a very unpleasant possibility.

Mr. Simpson. You might be able to change your policy and use the foundation?

Mr. Field. We could do it within a year; yes.

Mr. Simpson. Change your policy and use the money that you have for the general upkeep of the colleges, if you wanted to?

Mr. Field. If we felt it necessary.

Mr. Simpson. On that point, I asked you, do you think the foundations in general provide a good hedge, a good protective factor, for the colleges?

Mr. Field. Yes; that is what led to what I said. I think you intimated that, and I think it does.

Mr. Simpson. I was told—and I am sure you could give us more authoritative information in a general statement—that the day of large individual contributions, one hundred or one hundred fifty thousand dollars, to colleges and hospitals is rapidly coming to a close.

Have you had experience along that line?

Mr. Field. Yes. It is very hard to raise that much money from single sources today.

Mr. Simpson. A practical man to make any such contribution would have to take it out of his capital?

Mr. Field. He would; yes.

Mr. Simpson. I know we want to see the colleges all continue, and so on, and yet I don't see that the foundations are anywhere near
large enough to provide the endowment moneys to continue the colleges, if private contributions fall off.

Mr. Field. I think it is a very serious problem. I think hospitals are in a very serious position at this time.

Mr. Simpson. That brings me back to the question whether you think Congress should do something to make it still more advantageous to create foundations.

Mr. Field. Well, I would think the incentives were there today. I don't think there is any necessity to do anything further.

I mean the experience is that foundations under the present system, under their present incentives, have been formed, and I would think they would continue to be formed. I would not want to discourage them, but I would think that any further encouragement might not be necessary. I wouldn't think it would be necessary because of the experience we have had.

Mr. Simpson. Thank you very much.

Mr. Forand. Mr. Field, once a grant was made by your foundation, is there a follow-up to see that the money is spent for the purpose that you gave it?

Mr. Field. Yes, we get reports about half yearly on most of them, and then when Mr. Hahn is traveling around, which he does, to investigate new grants, he goes and sees the people and he himself sees what is being done with the money, by visiting them. I do some of it myself.

Mr. Forand. Have you found any case where the money was missappropriated, so to speak?

Mr. Field. No. I would say that some of it I found was getting a bit ivory tower, and that they might be drifting off into something that was unlikely to lead to any practical result.

Mr. Forand. But was it being spent for the purpose for which the grant was originally made?

Mr. Field. Yes, undoubtedly.

Mr. Forand. Now if you should find a case where money has been allocated or granted and that it was being misused, say, for subversive purposes, what steps would you take?

Mr. Field. Well, we generally pay our grants quarterly, if they are of any size, and we could, if it is a very serious case, if it was a complete misuse, I imagine we could shut off the grant and cease to pay the next quarter, and let them sue if they liked. That is about all that we could do, I should think.

Mr. Forand. Even though you had a contract made for a total amount, you would just refuse to make the further installments?

Mr. Field. We make the grant citing certain things they are to do. We repeat, when we make the grant, what they asked for and this is the purpose, so we make the grant and we say, "We will pay you quarterly."

Now if they don't use it for that purpose, I would think we would have the right—I have never been into this with counsel—just not to send the next quarterly payment.

Mr. Forand. Do you have a forfeiture clause or something to that effect in your contract?

Mr. Field. I beg your pardon?

Mr. Forand. Do you have a forfeiture clause or something to that effect in your contract?
Mr. Field. No. The contract isn't really quite a contract. It is just a letter saying that this is what we understand they are going to do with the grant.

Mr. Forand. Don't you think it would be wise in making a grant to have a clause in there that would amount to a forfeiture clause as a protection, so that you could shut off the funds without getting into any trouble?

Mr. Field. I would be awfully hesitant to take away from their freedom of action. I think maybe you have to define that. I just haven't given it any thought. I am sorry.

I would before answering that like to give it some thought, because you don't want to take away from their freedom. You don't want them to think that you are bossing them, because they probably know much more about the subject than you do. They always do, if they are experts in the subject.

We wouldn't want to tie them too much, but you might have a forfeiture clause, I would think, in certain cases where they could forfeit the money if they did certain outrageous things.

Mr. Forand. If the funds were going in for subversive propaganda or something like that, that would be grounds to take action?

Mr. Field. Obviously, yes.

Mr. Forand. If I have brought up nothing else, at least I have brought up this thought which I hope your organization and all similar organizations will consider seriously, because I think we ought to have some way, some method, of preventing an organization from misusing funds.

Mr. Field. Yes.

Mr. Hahn. We have made a note of it.

Mr. Field. Well, we will certainly make a note of it and discuss it at the next board meeting. I think there may be a lot in that. It just hadn't occurred to us.

Mr. Keele. I have one thought only, if I might present it.

Mr. Field, this is merely a matter of opinion. We are seeking your opinion. In observing the grants of the smaller foundations and particularly the very small foundations, such as those who have not appeared as yet before the committee, we note that there is a great deal of scattering giving, $5 to this, $5 to that, and what you have characterized as palliative giving.

The thought has suggested itself that possibly a central clearinghouse where requests for assistance might be processed and to which the smaller foundations might turn for assistance and guidance and suggestions might be a desirable thing, and I mean by that a purely voluntary association for foundations much smaller than yours which cannot have any professional staff and which have little experience.

I wonder what you think about the possibility of such a plan?

Mr. Field. There is a national information office in New York which we belong to, and you can find out quite a lot from them. I mean, you can find out whether an organization is just a racket or not a racket.

Mr. Keele. That is the American Foundation Service?

Mr. Hahn. The National Information Bureau.

Mr. Keele. Well, now, we tried to get information from them and we found they had very little to give us. I thought you were referring perhaps to the American Foundation Service, which does furnish information from givers and takers, as they say, and I was thinking of some sort of an association to which perhaps there might be voluntary
contributions on a percentage basis, a very small percentage basis, from
the smaller foundations, where there could be not only a processing of
requests that came in, but investigation as well of the persons seeking
it, and whether or not some such service might not prevent this shotgun
pattern that the smaller foundations appear to make with their dona-
tions of $5, $10, $15, $20, $25 for all sorts of heterogeneous projects.

Mr. Field. Well, of course, there are an awful lot of these projects
that are perfectly good that just live on that kind of giving. I mean,
an awful big percentage of the giving. Foundations, I think, give
1½ percent of the money given away in this country in a year.

Mr. Hahn. Three percent.

Mr. Field. Three percent. Well, anyway, it is a very small per-
centage of the money that is given, and so much of that is—so many
good organizations are kept on $25 and $10 subscriptions from a great
many people, and it gives them a sense of participation.

I would think that was pretty healthy, but I do think that an orga-
nization would be invaluable who really would do the work if it
wasn’t too expensive. The only thing is, how expensive would it be?
They would have to cover an awfully big water front there.

Mr. Keefe. Well, I was thinking if it were a tenth of 1 percent of
the income of the organizations, you would get a tremendous volume
for a central office that way.

One other question: We have been told that since the 1915 investi-
gation conducted by Frank Walsh, foundations have had a horror of
collaborating or working together. Do you know whether or not that
is true?

Mr. Field. I think it is absolutely true. It is as much as your life
is worth to get a word out of anybody.

Max is trying to find out what some other foundation director is
doing. I think it is perfectly absurd, because there could be all kinds
of duplications. Of course, the ones that have annual reports you
could check pretty well.

Mr. Keefe. There is no Sherman antitrust law, so far as I know,
that is applicable to foundations. I don’t understand it, but I have
been told that. They are afraid to collaborate in any way.

Mr. Hahn. That’s right.

Mr. Field. Of course, everybody is scared of monopolies or black-
lists, or something like that. You might get some of that feeling if
they collaborate too closely and some organization would say, “Oh
well, we haven’t got a chance because the monopoly is against us,”
and so on.

There might be some trouble, I don’t know, but I would think that
the more that foundations can talk to each other, the better, myself.

Mr. Keefe. I should think that there would be a greater advantage
in pooling their knowledge and their experience and picking each
other’s brains on occasions.

Mr. Hahn. It would be particularly helpful to the men who are
newer in the business.

Mr. Keefe. That’s right, because there is a period of the shake-
down cruise when they have to experiment themselves.

I have no further questions.

Mr. Forand. We thank you, gentlemen. The committee will stand
in recess until 11 o’clock Monday morning.

(Whereupon, at 3:15 p.m., a recess was taken until Monday, De-
ember 8, 1952, at 11 a.m.)