invention and research. But so important is their possibility of development that we shall devote our chapter 11 to it, and cite also Study 21 [378] on the associations' present inventive work.

[449] 6. TAX BENEFITS. This enormous aid to invention and research amounts to about 19% of its whole support, simply through nontaxation of corporate profits invested in R&D, without counting the numerous further tax benefits listed in ¶ 390. The corporate tax exemption on invention has the questionable advantage that it leaves the conduct of the research and all decisions on what to essay, solely in the hands of any corporation which chooses to so invest earned money instead of putting 48% of it into dividends or other investments, and paying 52% in corporate income tax. Under *laissez-faire* principles a corporation might be assumed to know better than a government, what to do with its money. But liberal thought sees many occasions where this is not true, e.g., when national purposes demand more invention in certain fields; and indeed every tax is contrary to that principle. Furthermore, by well established economic law that whatever is subsidized or made cheaper becomes thereby enlarged—*if* the enterprisers left to themselves would allot just the right amount to invention, then when the tax exemption lets them buy a dollar's worth of research for 48 cents, they would buy too much of it.

[450] The matter is one calling for the profoundest consideration of national needs and present accomplishment of research, as the National Science Foundation says.[439] We may contribute here just one suggestion. This is that the powerful and fiscally expensive aid of tax exemption might be used with more discrimination. At present the only distinctions made are between large and small corporate and private inventors, and the latter's patron, and between a corporation's current expense for R&D and its capital expenditures for equipping the same (¶ 390). These distinctions, whatever their motives, are not very pertinent from the viewpoint of fostering invention for national welfare. More logical would be distinctions based on the probable social value of the inventions to be produced. One laboratory is researching to promote health, or national defense, another to increase the salability of cigarettes, liquor, pinball machines or advertisements; all alike are tax exempt. Yet, when we impose instead of excusing taxes, we discriminate: tobacco, liquor, gambling, amusements, and luxuries are struck with heavy special taxes, partly on purpose to reduce their share in the national life. Tax distinctions might also be made between basic and applied research,[440] or according to the efficiency, or probability of success, of the type of laboratory or free-lance inventor, according to past experience. An annual $2 billion gift, or exemption, does not seem a trifle to be granted with so little thought, and so little pertinent discrimination as to who shall get it.

[451] 7. FOUNDATIONS. The idea of a special institution to make or aid inventions or discoveries is a logical and old idea. It was proposed in 1574,[441] and also by Francis Bacon, realized in a very small way by the French Academy in 1668, and in America by the Research Corporation, N.Y., 1912, Mellon Institute in Pittsburgh, 1913, Battelle in Columbus, 1929, now the world's largest, Armour in Chicago, 1936,

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[440] Basic research was 8.5% of all in 1953 & 1954, 8% in 1959. From *Reviews of Data*. N 40, table 1.