

The voluntary control measures are applied by the Department of Commerce on the operations of American corporations in direct investments overseas; the operations of the interest equalization tax, which is the law concerning the making of overseas loans that might affect our balance of payments; and the voluntary program administered by the Federal Reserve Board in dealing with loans by banks and nonbank financial institutions overseas which you refer to as reflecting our balance-of-payments program, all include very specifically as a matter of national policy an exemption from those voluntary programs of activity in the less-developed countries of the world, which I do not need to name. It is a general category.

The concern of those programs with the flow of funds overseas and any limitations thereon in these programs have been to the so-called developed or the powerful financial countries.

Now, you may find a foundation that has spent a few dollars in one or another of the so-called developed countries. I think that of the list you read, Italy was the only developed country I recall. But by and large the activities overseas of these foundations have been concerned with countries like India, which is prominent in the listing you gave, which is a less-developed country which is exempt from these programs and which as a matter of foreign policy of the United States and foreign economic policy, we want to encourage our private foundations to help out, just as we encourage the private companies to invest in the development of those areas, and just as the Congress of the United States enact aid programs each year for making loans to these countries, their governments and their institutions.

So, the question and the comment about the overseas operations of foundations completely misses the point of our concern.

Mr. PATMAN. Thank you for your comment on that, but remember these are not the only ones. These are just typical of what has been done.

Secretary FOWLER. The characteristic operation —

Mr. PATMAN. If you would like, we can document others, but we will not pursue that at this point.

I want to get through with these policy questions.

Secretary FOWLER. What was the next question?

Mr. PATMAN. We all know that Mr. McGeorge Bundy is now president of the Ford Foundation.

Secretary FOWLER. Wait a minute. There was one question that you asked where there was a long series, and there was another one that I do not think I got a chance even to answer as you read the previous statement, something about if I agreed to it. I do not know anything about the Indonesian matter referred to. I think I answered that question.

Mr. PATMAN. I said, would it be fair to say that if that spend-thrift is a tax-exempt foundation and not John Q. Public, the foundation culprit needs exposure and closer supervision. I just did not think you would differ with that.

Secretary FOWLER. I think the question you asked me was something about a separate agency.

Mr. PATMAN. Yes; I brought that up in my original statement.

Secretary FOWLER. I think I should get that in the record. Would I agree that a separate agency should be established?