

If the reason for your proposed regulatory agency is to eliminate tax abuses among foundations, the answer is "No." We think that the adoption of the foundation report recommendations would give Internal Revenue Service the necessary tools with which to eliminate tax abuses in the foundation area, and, therefore, no new regulatory agency is necessary.

Now, presumably any abuses in the other fields that do exist, as my previous comments indicated, can and should be handled by the agencies that Congress has set up and charged with the responsibility and provided staff and funds to enforce those laws. If those laws are inadequate to deal with the foundation part of SEC practice, then new laws should be enacted to deal with the problems.

But one agency, a new agency, set up to duplicate the work of all the other agencies that have appropriate jurisdiction in this field would only, I think, be redundant, involve duplication and interfere with the normal functions of the existing departments and agencies.

Mr. PATMAN. It is not contemplated to do what you suggested, in the way in which you said it.

Mr. Bundy has said that he is "determined to assure that there is a Ford Foundation in your future." I gather he means by that that the Ford Foundation will keep most of its principal and spend only income so that it can exist in perpetuity.

I do not believe that the United States needs a Ford Foundation in perpetuity. In fact, I hope my grandchildren will not have it around.

Mr. Bundy has forgotten, or perhaps never knew, that the Ford Foundation owes its very existence to the generosity of the Federal Government. Moreover, the control of the Ford Motor Co. would also have gone to the public were it not for the same generosity of the Federal Government.

The Ford Foundation has assets valued conservatively at \$3 billion. Since tax exemption for foundations is equivalent to an equal amount of taxation for those who do pay taxes, this \$3 billion represents \$15 for every American.

According to an article in the New York Times of January 30, 1967, Mr. Bundy made the statement that the Ford Foundation is small "compared with Gardner Howe, Weaver, Shriver and Webb Foundations." Of course his analogy is ridiculous when one considers that the Ford Foundation is controlled by an independent board of trustees while the funds of "Gardner, Howe, Weaver, Shriver and Webb" have been appropriated by the elected representatives of the people.

I note that the Ford Foundation has recently completed a new building in New York City costing millions of dollars. While this may add to the feeling of self importance of the Ford Foundation's top brass, do you believe that the taxpayers, who subsidize the Ford Foundation, really need a lavish building in an expensive area of New York City?

I will finish this, and then you may reply.

In his annual report for 1966, Mr. Bundy says:

We find there is no present reason to believe that the world will have less need of a large foundation in 1980 than in 1967; the forces we help to counterbalance are not likely to be smaller—the need for an independent agency not likely to be less. So we accept, for now, a clear obligation to preserve our endowment for our successors.

Mr. Secretary, what forces do you think the Ford Foundation counterbalances?