

You, of course, failed to include the language I used just ahead of that quote and just back of that quote which expresses strong disapproval of such control. My language just ahead of that quote reads as follows:

Obviously, tax-exempt foundations have been and are being used, in part, to avoid federal estate taxes. Thus huge fortunes are kept from being returned to public use for channeling into our economy without limitations.

Just back of your quote I said as follows:

Foundations today bear a frightening resemblance to the bank holding companies that were invented by the champions of monopoly and combination in the early 1900's.

Mr. RAY. Mr. Chairman, you will admit that we did correctly quote you in that sentence.

Mr. PATMAN. Out of context, yes. That is often done to mislead people, out of context.

It is evident that control of our industrial and commercial enterprises is to an ever-increasing degree passing into the hands of tax-exempt foundations through stock ownership. In my view, this is a dangerous situation with its boundless temptations and opportunities. I do not agree with the cheerful philosophy that the situation will right itself. The law must properly safeguard the community against possible abuses of the tax exemption privilege by the "owners" of foundations or their successors.

Does this sound to you as though I approve of perpetual control of business enterprises by tax-exempt foundations?

Mr. RAY. Sir, we don't believe you do.

Mr. PATMAN. I am not asking you. I am asking the witness.

Mr. HAYES. I believe, Mr. Chairman, we no doubt but that you disapproved what you described there as having been done. Nevertheless, you agree that it is being done.

Mr. PATMAN. I know, but you didn't put what was before it or after. You used it out of context, which leaves an entirely different impression.

Mr. HAYES. This may be true.

Mr. PATMAN. Yes.

Mr. HAYES. But it is legal to do what is being done?

Mr. PATMAN. Well, I am not testing the legality of it. That question doesn't occur to me at all. It is possible that you could do that. It is often done. You can take statements of people if they say much, write books, you can prove they are Communists, Fascists or anything else by taking things out of context, and of course some people do that, but it is not fair, do you?

Mr. HAYES. I think it is fair, Mr. Chairman, to let the public know what is being done by the big foundations, and that it is also fair to let the little ones know that they can, too, do that.

Mr. PATMAN. That is right.

Mr. HAYES. That is one of the points—

Mr. PATMAN. From your viewpoint that is what you say.

Mr. HAYES. That is one of our points that we wish to make very clear here.

Mr. RAY. Mr. Chairman, our own public—

Mr. PATMAN. Wait just a minute. I want to describe this publication here. This is the exhibit 1, the primary purpose of Americans Building Constitutionally, ABC, a trust, to help citizens of the United