reasons for the selection of those which are included in the Treasury report, by reason of not being in the Treasury Department then, I endorse the principal recommendations and will support them if called before the House Ways and Means Committee and the Senate Finance Committee, the committees of appropriate jurisdiction in this matter.

From 1961 through 1964 the Department conducted an extensive study of the activities of private foundations and the operation of the present laws governing them. It analyzed the relevant administrative and litigation experience of the Internal Revenue Service and the Department of Justice. It made a special survey of a selected sample of about 1,300 foundations to secure new data about their characteristics and performance. Department representatives discussed the facts of the foundation world with lawyers, accountants, critics, administrators, and others familiar with foundation operations. Careful attention was given to the work of other investigators, including this subcommittee.

Drawing upon the information produced by this study, the Treasury Department concluded that six major problems exist among private foundations. The Department found, also, the presence of several additional problems of less general significance. In its Report on Private Foundations, submitted to the House Ways and Means Committee and the Senate Finance Committee early in 1965, the Department described these problems in considerable detail, provided a series of illustrations of each of them, and recommended quite specific revisions of existing Federal laws to deal with them.

That study did not conclude that the abuses outweighed the benefits to society of private foundations. Rather the report concluded, and I firmly believe, that private foundations fulfill a vital need of our society; the need for the pioneer and the vision of the experimenter. In this role, they both complement and supplement the services provided by government and by other nonprofit activities in general.

Thus, our recommendations were conceived within the framework of preserving this vital philanthropic activity. Our objective is the elimination of abuses engaged in by some and thereby to strengthen the institution itself.

We should not be misled or diverted from this goal by those who operate on the fringes of philanthropy or with the cloak of philanthropy but without philanthropic motive. The aberrations which they produce can be readily curbed either under existing law or if necessary by specific and selective legislative changes. It is a disservice to confuse those who pervert the law for private gain with those foundations which operate to sustain and advance philanthropy.

The Senate Finance Committee published the Treasury report at once. Later in the year the House Ways and Means Committee solicited written comments on the report from the general public. It published those comments in November and December of 1965.

In his 1966 Economic Report to the Congress, the President urged the Congress "to deal with abuses of tax-exempt foundations." In his Economic Report of 1967, the President again directed congressional attention to the need for reforms in this area. However, the Ways and Means Committee—its time during the past several years almost steadily occupied by other major tax and social security legislation—has not yet taken further action on the Treasury report.

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