

Mr. MORTON. In other words, there would be an advantage to set up the foundation in one State versus another, similar to the advantage in the setting up of corporations in some States as compared to others.

Mr. COHEN. We have not noticed that, because I think the most effective controls, at least to the present time, have been at the federal level and they are applied uniformly. I suspect, to the extent that some States are now beginning more vigorous enforcement, what you suggest could possibly become true.

Mr. PATMAN. Will you yield there, sir?

Mr. MORTON. One more question, and I will reserve the balance of my time, Mr. Chairman.

Mr. PATMAN. All right.

Mr. MORTON. Control activities, obviously, have been accelerated in the past few years. You have become more concerned.

Has this acceleration of activity in the control of tax-exempt organizations, including foundations, been motivated by publicity or actions of this committee, or the chairman, or has there been a general pattern of tightening up and improving of the administrative procedures within the Service?

Mr. COHEN. I think both have been contributing factors. Before World War II, we had virtually no foundations. There were a small number. It was not very popular. Advantages of these things have been pointed out. I suppose our society has, in many ways, been moving toward—at least I hope this is true—a more altruistic attitude toward life. At the same time, some attitudes may be becoming more crass. I know both of these developments are going on at the same time. After World War II the number of exempt organizations began to increase in an almost geometric progression. The Service began with little or no capability in this area but soon began to realize the dimensions of the problems presented by this expansion. This committee has been helpful in pointing out the problems peculiar to private foundations.

We now have a fairly sophisticated knowledge of what is going on in the exempt organization universe, and we have developed a pretty good enforcement program. I will not pretend it is a perfect enforcement program. I am hoping next year it will be better, and to the extent we have greater manpower it certainly will be better. If you had said 25 years ago that we were going to have thousands of exempt organizations in 1967—and I say, we have 325,000 names of such organizations on our files today—any employee of the IRS would have laughed. But it is true today, and we have to face the real problems presented by this great number of organizations.

Mr. MORTON. Thank you, Mr. Cohen.

Thank you, Mr. Chairman. I will reserve the balance of my time.

Mr. PATMAN. I want to just ask a few simple questions.

Is it not true, Mr. Cohen, that fewer than probably 12 States have a law requiring foundations to file any kind of a return?

Mr. COHEN. There are not too many, sir.

You probably have more up-to-date knowledge on that than I do.

Mr. PATMAN. You can place it in the record, can you not?

Mr. COHEN. Yes; we can check.

Mr. PATMAN. Place the information in the record.

(The information referred to follows:)