

SUMMARY OF REPORT

I. AN APPRAISAL OF PRIVATE FOUNDATIONS

While private foundations have generally been accorded the same favorable tax treatment granted other philanthropic organizations—exemption from tax and the privilege of receiving donations deductible by the donors—previous legislation has placed several special restrictions upon them. To determine whether additional restrictions are necessary, one must first inquire into the character of the contribution which private foundations make to private philanthropy and the validity of the general criticisms which have been leveled at them.

A. PHILANTHROPIC VALUES AND PRIVATE FOUNDATIONS

Private philanthropy plays a special and vital role in our society. Beyond providing for areas into which government cannot or should not advance (such as religion), private philanthropic organizations can be uniquely qualified to initiate thought and action, experiment with new and untried ventures, dissent from prevailing attitudes, and act quickly and flexibly.

Private foundations have an important part in this work. Available even to those of relatively restricted means, they enable individuals or small groups to establish new charitable endeavors and to express their own bents, concerns, and experience. In doing so, they enrich the pluralism of our social order. Equally important, because their funds are frequently free of commitment to specific operating programs, they can shift the focus of their interest and their financial support from one charitable area to another. They can, hence, constitute a powerful instrument for evolution, growth, and improvement in the shape and direction of charity.

B. EVALUATION OF GENERAL CRITICISMS OF PRIVATE FOUNDATIONS

Three broad criticisms have been directed at private foundations. It has been contended that the interposition of the foundation between the donor and active charitable pursuits entails undue delay in the transmission of the benefits which society should derive from charitable contributions; that foundations are becoming a disproportionately large segment of our national economy; and that foundations represent dangerous concentrations of economic and social power. Upon the basis of these contentions, some persons have argued that a time limit should be imposed on the lives of all foundations. Analysis of these criticisms, however, demonstrates that the first appears to be susceptible of solution by a measure of specific design and limited scope, the second lacks factual basis, and the third is, for the present, being amply met by foundations themselves. As a consequence, the Treasury Department has concluded that prompt and effective action to end the specific abuses extant among foundations is preferable to a general limitation upon foundation lives.