

Private foundations have also preserved fluidity and provided impetus for change within the structure of American philanthropy. Operating charitable organizations tend to establish and work within defined patterns. The areas of their concern become fixed, their goals set, their major efforts directed to the improvement of efficiency and effectiveness within an accepted framework. Their funds are typically consigned to definite—and growing—budgets. The assets of private foundations, on the other hand, are frequently free of commitment to specific operating programs or projects; and that freedom permits foundations relative ease in the shift of their focus of interest and their financial support from one charitable area to another. New ventures can be assisted, new areas explored, new concepts developed, new causes advanced. Because of its unique flexibility, then, the private foundation can constitute a powerful instrument for evolution, growth, and improvement in the shape and direction of charity.

B. EVALUATION OF GENERAL CRITICISMS OF FOUNDATIONS

Several serious general criticisms have been leveled at the private foundation. Some argue 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. Others contend that foundations are coming to constitute a disproportionately large share of our national economy and hence, among other things, are biting deeply into our tax base. Still others urge that foundations represent dangerous concentrations of uncontrolled economic and social power. Such contentions have led to proposals that a time limit be imposed on the life of private foundations.

The Treasury Department does not believe that a case for this proposal has been made. Its investigation has indicated that most private foundations act responsibly and contribute significantly to the improvement of our society. Because of the very nature of their activities and aims, precise judgment is impossible upon the extent to which foundations have realized their potentialities for creative and dynamic charitable works. It seems quite clear, however, that their endeavors have been conducive to important advancements in education, health, science, the arts, religion, and assistance to the needy and unfortunate.

The argument that foundations can occasion unwarranted delay in benefits to charity possesses considerable force; for, in particular situations, there have been aggravated instances of such delay. But the appropriate solution would appear to be a measure specifically designed to deal directly with this problem—not a rule, like the proposal for limiting foundation life, whose impact would extend well beyond the boundaries of the problem itself. Part II-B of the report outlines a recommendation framed to meet the specific exigencies of the delay problem; and the Treasury Department believes that the measure will prove adequate to its task.

The contention that foundation holdings have become an excessively large part of the national economy in recent years finds little support in the relevant data. Appendix A explores this matter in some detail. While the available information is far from definitive, it suggests that,