Accurate appraisal of this problem is complicated by the fact that, as Part I of the Report has explained, the private foundation can derive important values from donor influence. The donor can bring imagination and creativity to the foundation, infuse spirit and drive into its operations, give unique focus to its efforts. But the fact that donor influence contains potentialities both for benefit and for detriment does not present a permanent dilemma: for its dangers and its values do not subsist equally throughout the life cycle of the foundation. While possibilities for abuse remain relatively unchanged, advantages tend to decline sharply with the passage of time. The donor can frame the fundamental structure of the foundation in its organizational documents; he can set the pattern for its activities and interests in the early years of its operations; he can establish its character by example, custom, and usage as it matures. Thereafter the magnitude of his contribution must, almost necessarily, diminish. In view of these facts, the present problem would seem capable of solution by a rule which confines substantial donor influence to the developmental and maturation stages of foundation life: such a rule would preserve the primary benefits of influence, and would eliminate a large measure of its possible detriments.

(2) Perpetual existence of foundations

A different, but related problem arises from the proliferation and perpetual existence of private foundations. By 1962 there appear to have been approximately 15,000 foundations in the United States. Current information indicates that an average of about 1,200 new foundations are being formed every year. The Foundation Library Center estimates that, of the foundations in existence in 1962, 72 percent of those with assets of less than $100,000 had been established since 1950, and 56 percent of those with assets of more than $100,000 had been created since 1950. Most of these foundations are established under organizational documents which place no limitation upon the period of their existence; and while satisfactory data upon foundation terminations is not available, it seems relatively clear that deaths are a good deal less frequent than births.

The continued existence of foundations whose number is constantly increasing generates a number of administrative burdens. Returns must be processed; questionable transactions must be investigated; compliance with legal requirements must be secured, sometimes through litigation. All of these activities cost the Federal Government considerable sums of money. Part I of this Report has explored at some length the reasons why, despite these facts, the imposition of a general limitation upon the lives of foundations is inadvisable. In specific situations, however, it may be far from clear that the perpetuation of an individual foundation justifies the attendant administrative burdens. It seems plain, at least, that many foundations continue in existence year after year without achieving any of the external indicia of unique advancement of philanthropy. They attract no public attention; their endeavors gain no public support; they appear to open no new areas, develop no new vistas, create no rearrangements or alterations of focus among charitable enterprises generally. Hence, while a universal restriction upon foundation lives is undesirable, a method of winnowing the useful from the superfluous—of evaluating the accomplishments, nature, and status of each private