

foundation at some point in its existence, with a view to a judgment upon the advisability of continuing it—would possess real utility.

Such a task would require a multitude of difficult and delicate value judgments, and should, therefore, not be undertaken by a governmental body without grounds considerably more pressing than those which obtain in the present situation. On the other hand, a foundation's creator, or those related to him, may not approach an endeavor of this kind with detachment. Consequently, satisfactory solution of this problem would seem to demand a rule permitting independent private parties to examine a foundation after it has had a reasonable period of time within which to prove itself. If their review leads them to conclude that the organization's record and capabilities do not justify its continuation, they should have power to wind up its affairs, distribute its assets in accordance with its purposes, and dissolve it.

(3) Possibilities for narrowness of foundation management

Under present law it is possible for an individual to establish a private foundation, dominate its affairs throughout his life, and pass its management to members of his family upon his death. In such a system supervision of the activities of a foundation may remain within the power of a very limited and homogenous group for an indefinite period of time; there is, indeed, no assurance that persons more broadly representative of the public will ever be introduced into the organization's governing body.

The disadvantages of the system are apparent. All of the dangers of narrowness of view and parochialism can persist in perpetuity. A foundation's motive force can, over time, become dissipated; and it is not guaranteed a source of replenishment. Attitudes may harden into prejudices; approaches may solidify; the responsiveness which this branch of philanthropy should have to the changing needs of our society may suffer. Projects which were useful and desirable when they were undertaken may be continued long after they have become outmoded.

Recognizing the dangers intrinsic in narrowness of base, many of our colleges and universities take pains to secure personnel who have been trained at other institutions or who have drawn experience from different academic communities. Some of our great corporations have, in their hiring policies, manifested a consciousness of the same problem. Consequently, it would seem altogether inappropriate to permit this defect to insinuate itself into the management of one of the important areas of private philanthropy.

(4) Possible solution

To resolve these three problems, the Treasury Department recommends that provision be made to convert private foundations, after they have been in existence for 25 years, to management which is independent of their donors and parties related to donors. Without the harshness of requiring a complete severance of the donor from the foundation, this result can be accomplished by placing a limit upon the part which the donor and related parties can play in the management of the foundation. For several reasons, however, the fixing of the quantitative level of this limit requires some care.