

aggregate individual wealth was increasing 4 times. The faster growth of foundations appears to persist throughout the period. The real question is how reliable the early figures are. Two conspicuous defects are coverage and valuation methods.

Coverage.—The Treasury's 1964 survey indicated that in the aggregate the small foundations do not make much contribution to the size of total foundation assets. The 1930 study, for example, grossly underestimates the number of foundations, giving a figure of 122. The 1964 Foundation Directory, however, lists 165 foundations which had assets over \$1 million in 1962 and were organized before 1930. The procedure followed in 1930, presumably, should have identified and included the large well-known foundations. If the excluded ones were equivalent to the aggregate of the medium and small groups in the 1964 figures, it would be reasonable to raise the \$950 million estimate to \$1,100 million; that is, by 15 percent, to cover the additional foundations.

Valuation.—The 1930 study requested only ledger values of assets. The 1931 study requested market values as well, but only eight foundations gave both ledger and market values. For these eight, the aggregate market value was about 12 percent below ledger value. Market values of stocks in 1931, however, were only two-thirds of values in 1930. Assuming that most of the assets were in stocks, it is a guess that the market value of all foundations (i.e., including the above adjustment for the small foundations) was about \$1,300 million.

These adjustments have been very rough. It would be better to conclude that the value of foundation assets in 1930 was \$1–\$2 billion. Even if we take the top of this range, foundation assets in the aggregate have multiplied eight times in value since 1930 while total wealth has increased four times. From the lower end of this range the increase was 16 times for foundations.

Table 7 would indicate that since 1930 foundations have increased their share of the total wealth of individuals from 0.25 percent to about 0.8 percent. If we use the previously derived estimate of \$1.3 billion as the market value of foundation wealth in 1930, the share of foundations was then 0.33 percent. Higher education endowments increased roughly in proportion to total individual wealth.

Table 8 shows some information on the holdings of stock registered on the New York Stock Exchange (NYSE). In the aggregate the portion of total stocks registered on the NYSE owned by foundations is 2.6 percent.⁷ The figure would seem to be high in relation to the indication of table 7 that foundations own slightly under 1 percent of the total wealth of individuals. The principal explanation is that foundations hold over twice as high a proportion of their wealth (about two-thirds) in the form of common stock than is the case for all individuals (about one-third). Further, foundations have a higher proportion of their stockholdings in the form of stocks listed on the NYSE (after the inclusion of Ford stock) than is true of individuals generally.⁸

⁷ The Ford Motor Co. stock held by the Ford Foundation is a special class of nonvoting common which is not listed on the NYSE. When the Ford Foundation sells any stock, the shares to be sold are exchanged for the listed common stock and delivered. Since the concern of the immediate inquiry is the wealth of foundations, rather than voting power, it is useful to add the Ford Foundation holdings of Ford stock to the listed holdings. Both figures are shown in table 8. The Ford figures were obtained from the Ford Foundation.

⁸ An SEC study indicated that in a sample of foundations, covering 56 percent of foundation holdings, 87 percent of foundation stock investments was in shares listed on the NYSE. "Report of Special Study of Securities Markets," pt. II, p. 838.