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**Commission on Foundations and Private Philanthropy**

**Records, 1949-1970**

**Mss 023**

## **Commission on Foundations and Private Philanthropy Records, 1949-1970**

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### **ABSTRACT**

The Commission on Foundations and Private Philanthropy was formed by John D. Rockefeller, III, in 1969, and chaired by Peter Peterson, to objectively investigate foundations and their role in society. The Peterson Commission, as it was known, was designed to be influenced by neither the government nor the foundations they investigated. An objective appraisal of foundation activities was necessary to give the Commission the credibility it needed to influence Congress' decisions on foundation activities. By researching the roles of foundations in society, the members hoped to construct policy recommendations that made foundations more accountable while allowing them to maintain their independence from outside interference.

This collection contains meeting minutes, correspondence, reports, speeches, the House of Representatives and Senate Hearings on the Tax Reform Law, and the foundation research collected by the commission that includes annual reports, surveys, articles, and correspondence.

### **ACCESS**

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### **ACQUISITION**

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## HISTORICAL NOTE

After World War II, foundations fell under attack by both the public and the government. Stories about foundation abuses of funds and their tax-exempt status caused many to believe that foundations were not doing their part in American society. In a time of rising taxes, people were suspicious of any entity that did not pay their share in taxes. Serious opposition to foundations and the privileges they held arose. The general impression of foundations was that they were secretive organizations with no accountability to the public they served. Accountability was difficult to measure when the public had little access to information about foundations' activities. In 1956, the Foundation Center Library (later renamed the Foundation Center) was formed to become a source of information about foundations throughout the nation. It contained information about foundations and made them more accessible to those interested in the activities of foundations. The Foundation Center Library did not, however, bring an end to Americans' discontent with foundations.

By 1965, the federal government made its problems with foundations public with a report given to the House Ways and Means Committee by the Department of Treasury. The *Treasury Report on Private Foundations of 1965* asked for the United States government to intervene in the actions of foundations and force them to become more accountable through a series of tax laws that would assure the tax-exempt status of foundations would no longer be abused. The recommendations published in the Department of Treasury's report included:

1. Prohibiting financial transactions (self-dealing) between a foundation and its contributors, officers, directors, or trustees.
2. Limiting the period during which a foundation may withhold income from charity.
3. Limiting the ownership of stock to less than 20 percent in any business.
4. Limiting the use of a foundation to maintain family control over a business.
5. Barring speculative practices by foundations, such as borrowing money for investment purposes, etc.
6. Broadening the base of foundation management after the first 25 years of a foundation's life, so that after that time the donor or related parties could not make up more than 25 percent of the foundation's governing body.

In 1968, John D. Rockefeller, III, brought together a group of concerned people to discuss the possibility of conducting an independent appraisal of philanthropy in America and to decide what the long-range goals of foundations and philanthropy should be. Alan Pifer of the Carnegie Corporation suggested the formation of an independent commission to study these issues and to help initiate a compromise between the government and foundations.

Mounting public demand for tax reform measures prompted Rockefeller, as a representative of foundations, to ask Peter J. Peterson to establish a commission to conduct fair and impartial research on foundations. In 1969, the Commission on Foundations and Private Philanthropy chaired by Peter J. Peterson, chairman of the board of Bell and Howell, was formed. The ultimate goal was to influence policy decisions that would increase the accountability of

foundations while not smothering them out of existence with strict laws that were detrimental to the foundations that were attempting to govern themselves in a respectable manner. In order to reach this goal, the Commission chose not to accept funding from the government or from foundations. Instead, it was funded by individuals, corporations, and unions. Commission members believed this plan to be the best way to assure people they worked for the benefit of the public and their recommendations were for the benefit of both the government and foundations.

Peterson selected influential citizens who had expertise in diverse fields and professions, including business and the arts, academics, politicians, government administration, advocacy work, and law, to participate. Fifteen people served on the Commission in addition to the chairman. As recorded in the Commission's Report, members include:

1. J. Paul Austin. Chairman, President, and Chief Executive Officer, The Coca-Cola Company, Atlanta.
2. Daniel Bell. Professor of Sociology, Harvard University; author; Chairman, Commission on the Year 2000 of the American Academy of Arts and Sciences; member, President's Commission on Technology, Automation, and Economic Progress.
3. Daniel P. Bryant. Chairman and Chief Executive Officer, Bekins Van and Storage Company, Los Angeles; lawyer.
4. James Chambers. President and Publisher, *Dallas Times-Herald*; author.
5. Sheldon S. Cohen. Cohen and Uretz; former Commissioner of Internal Revenue, U.S. Treasury Department.
6. Thomas B. Curtis. Vice-President and General Counsel, Encyclopedia Britannica; former U.S. Representative from Second Congressional District, Missouri, and member of House Ways and Means Committee, Joint Economic Committee.
7. Paul A. Freund. Professor, Harvard University Law School; expert in constitutional law; author; editor-in-chief of multi volume *History of the Supreme Court*, now in preparation, commissioned by the U.S. Congress; Past President, American Academy of Arts and Sciences.
8. Martin Friedman, Director, Walker Art Center, Minneapolis; American Fine Arts Commissioner, Sao Paulo Biennial; member, National Collection of Fine Arts Commission; author and lecturer on contemporary international art.
9. Patricia Roberts Harris. Fried, Frank, Harris, Shriver, and Kampelman; member, National Commission on the Causes and Prevention of Violence; former Dean and Professor, Howard University Law School; former U.S. Ambassador to Luxembourg.
10. A. Leon Higginbotham, Jr., U.S. District Court Judge, Eastern District of Pennsylvania; Vice-chairman, National Commission on the Causes and Prevention of Violence; former commissioner, Federal Trade Commission; member, White House Conference to Fulfill These Rights; member, Commission on Reform of U.S. Criminal Law.
11. Lane Kirkland. Secretary-Treasurer, American Federation of Labor and Congress of Industrial Organizations.
12. Philip R. Lee, M.D. Chancellor, University of California, San Francisco; former Assistant Secretary, U.S. Department of Health, Education, and Welfare.

13. Edward H. Levi. President, University of Chicago; former law professor, Dean of the Law School; past member, White House Task Force on Education, White House Central Group in Domestic Affairs; author.

14. Franklin A. Long. Director for Program on Science, Technology, and Society, Cornell University; former member, President's Science Advisory Committee; former assistant director, U.S. Arms Control and Disarmament agency.

15. A.S. Mike Monroney. Consultant, Aviation and Transportation; former U.S. Senator and U.S. Representative from Oklahoma; former chairman, Senate Post Office and Civil Service Committee, and member, Senate Appropriations Committee.

The fifteen members of the Commission were responsible for both research and reporting. Members gathered information through interviews with foundation leaders, surveys of foundation activities, and research of individual foundations using annual reports and meeting minutes. This information was used for discussion at the six monthly board meetings which focused on subjects such as types of foundations, politics, tax issues, and finances. At each meeting, papers were presented and discussed by both members and non-members of the Commission. Using this information, the Commission was able to write a report making recommendations to the foundations and the government. The recommendations of the Commission were:

1. Foundations should be required to make a higher payout, 6% to 8% of investment earnings, to established charities and nonprofit organizations.
2. The Internal Revenue Service should audit foundations regularly to ensure their fiscal integrity.
3. Foundations should make full public disclosure of their activities by disseminating annual reports more widely.
4. Tax incentives are needed to boost contributions to foundations and charities.
5. To remove any taint of impropriety, foundations must keep partisan politics out of the grant making process, and full disclosure is needed for grants to government employees.
6. A national Philanthropic Policy Board should be established, consisting of ten to fifteen distinguished private citizens and government officials, to render informed decisions and sound judgement on questions of public debate concerning philanthropy.

The recommendations and research of the Commission were partially designed to influence Congressional opinions of foundations. Congress had constructed a reform bill that charged foundations with hoarding, squandering, and manipulating funds. Members of the Commission felt foundations needed an advocate in Congress and made recommendations that would assure the accountability of foundations while keeping them from direct government control. Commission members spoke before Congressional committees and pushed for a modified version of the original bill using the Commission's recommendations. The end result of the Commission was a published report of its research that answered questions about the role of philanthropy in society, the needs of foundations, tax incentives for giving to foundations, the abuse of foundations, and what foundations do as American institutions. The Tax Reform Bill of 1969 was passed, however, before the report could be completed. Although problems remained,

the Commission and the Tax Reform Bill of 1969 were steps toward a better relationship between the government, the public, and foundations. The Commission disbanded in 1970 after the publication of its report, *Foundations, Private Giving, and Public Policy*.

## REFERENCES

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## RELATED MATERIALS

Independent Sector Records, 1980-1991, Ruth Lilly Special Collections and Archives, University Library, Indiana University Purdue University Indianapolis.

Filer Commission on Private Philanthropy and Public Needs Records, 1971-1976, Ruth Lilly Special Collections and Archives, University Library, Indiana University Purdue University Indianapolis.

## SCOPE AND CONTENT NOTE

The records of the Peterson Commission are divided into three series; Administration Files, Final Report, and Research Files. Since the Commission was only in existence for two years, most of the records cover the years 1969-1970. Its final report, *Foundations, Private Giving, and Public Policy* (call number: HV 91.C67), was published in 1970, completing the original goal of the Commission. The collection contains meeting minutes, correspondence, reports, surveys, and publications.

**Administration Files, 1969-1970**, contain information regarding the Board of Trustees, the incorporation of the commission, general correspondence, a listing of the major contributors to the organization, and the work plan for the Commission. Records of the Board of Trustees contain meeting minutes and the methods the founders used to find people to serve on the Commission. The Commission held one board meeting each month from May-October 1969. These meetings were recorded and transcribed verbatim with the exception of the month of May, which was only a summary.

The Corporate Records contain the incorporation and bylaws of the Commission. To gain an understanding about the Commission, these records summarize briefly the purposes and procedures adopted by the board through correspondence between members.

**Final Report Records, 1969-1970**, is the end result of the Commission's work. The Commission's main product was the construction of a final report that would describe the state of the relationship between foundations, the public, and the government. This series contains press releases, summaries, and rough drafts of the report. Although the rough drafts are similar to the final copy, they contain differences that diagram the evolution of the Commission's work and indicate major changes in ideas that further research created. The published version of the report, *Foundations, Private Giving, and Public Policy* (call number: HV91.C67) is located in the Joseph and Matthew Payton Philanthropic Studies Library of the IUPUI University Library.

**Research Files, 1949-1970**, are the largest and most diverse records of the Commission documenting its major activities in research and fact-finding. In order to make recommendations regarding the accountability and tax-exempt status of foundations, the Commission had to be aware of the activities of those foundations. The Commission used surveys, interviews which are not available to this collection, and information directly from foundations, to write its report.

The conference material is from the 1969 New York University's Conference on Charitable Foundations. Themes selected for the conference included grant making, foundation policy, and issues regarding taxation procedures. These records contain lectures, papers, and discussions about foundations, philanthropy, and politics.

Foundations were the central focus of the Commission. Most of the research conducted pertained to foundations. The research is divided into twelve categories that became discussion topics for the monthly board meetings. Rather than gather all of the information at once, the board assigned people with expertise in a specific area and devoted one month to each of the selected topics. They had less than six months to research these issues:

1. Accomplishments of Foundations
2. Community Foundations
3. Company Foundations
4. Disclosure
5. Financial Policy of Foundations
6. Foundations Management
7. Foundations Publications
8. Government/Foundations Relationship
9. Government Regulations
10. Political Activities
11. Self-Regulation
12. Types of Foundations

These records contain internal reports written by members of the Commission, and external reports written by knowledgeable people outside the Commission. Reports gathered were used

to decide what foundations were doing and how people reacted to the activities. The records also contain correspondence, articles, annual reports, and information published by foundations.

The Report Files contain general reports, miscellaneous speeches, and magazine articles. Although reports are also included in the foundation materials under specific headings, these reports focus on topics relating to foundations, taxation, and the government that were not discussed in the foundation records.

The Survey Files include examples of questionnaires from each survey project, the tallied results, and some reports describing the conclusions drawn from the surveys. Using surveys, the Commission was able to determine the revenue and expenditures of all the foundations polled, who was giving, the effects the new tax might have on incentives to give, and whether or not abuses were occurring in foundations. The six surveys are the Accountant's Survey, Opinion Leaders Survey, Large Donors Survey, Market Facts (or Company) Survey, the Chicago Philanthropic Study, and the Tabulation of Sample of 990-A's. Results and data collected by the surveys are available in the collection for every survey except the Chicago Philanthropic Study and the Tabulation of Sample of 990-A's. The only item available concerning the Chicago Philanthropic Study in the collection is the questionnaire, and no information is available in the collection about the Tabulation of Sample 990-A's. Summaries and results of all six surveys, however, can be found in the Commission's final report on pages 191-255.

The last two subseries in the research files deal with tax legislation and tax issues. This series contains both official government documents and general reports and papers referring to tax issues. Official documents from both the Senate and House of Representatives include hearings, debates, proposals and all fifteen parts of the Tax Reform Bill of 1969.



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