

## Wealthiest Foundations in U.S. Reported to Be 'Malfunctioning'

By M. A. FARBER

The country's 33 wealthiest general-purpose foundations are, on the whole, "sick, malfunctioning" institutions, according to a two-year study sponsored by the Twentieth Century Fund.

With some exceptions, a 475-page report on the study said, "the big foundations are far from the dynamic, creative, reformist institutions that some of their most eloquent defenders have claimed.

"Not one-tenth, probably not one-twentieth, of their grants have any measurable impact upon the major social problems confronting the nation at the present time," the report asserted.

Nonetheless, the report said, the private, nonprofit foundations have made some great achievements and have "an enormous unrealized potential" that to throw away would be "reckless imprudence."

### 'Hard Look' Urged

"So long as there is a serious possibility—which there is—that foundations can become more vigorous and more independent institutions fully and exclusively devoted to public purposes, they should be given a further chance," the report said. If there is no "significant" improvement through self-renewal in the next decade, "then another hard look at public policy toward them should be taken," it added.

The \$71,000 study for the Twentieth Century Fund, itself a research foundation, was conducted by Waldemar A. Nielsen, a former Ford Foundation official who was president of the African-American Institute from 1961 to 1970. At a news conference at which he discussed the results of his study, Mr. Nielsen described himself as "a broken-hearted but not completely discouraged foundation lover."

There are an estimated 25,000 foundations in the country, with assets of about \$20-billion. The 33 foundations studied by Mr. Nielsen control more than half the total assets with each having at least

\$100-million of its own. Mr. Nielsen's study is believed to be the most intensive critical analysis of these foundations as a group.

### Studied Groups Varied

The study, coming on the heels of much criticism of foundations in Congress and elsewhere, included such well-known institutions as the Ford and Rockefeller Foundations and the Carnegie Corporation of New York, and such relatively obscure institutions as the Surdna, Brown and Land Foundations.

Among Mr. Nielsen's specific recommendations were the following:

¶Reduction of the "excessively intimate linkage" between many foundations and corporations. Almost two-thirds of the big foundations are "closely connected" with donor families who are represented on their boards, and with associated companies through stockholdings and the holdings of trustees who are family members. The "triangular" relationship is sometimes reinforced by the presence of officers of the associated company on the foundation's board.

¶Diversification of "homogeneous" trustee boards. Most boards, the report said, consist of "aging members of the upper socio-economic class," a microcosm of "the power elite."

Improved "professionalization" of foundation staffs. Only about one-third of the 33 foundations have "fully developed and qualified staffs," the report said. And in the makeup of their staffs, as in that of their boards, "the large majority of big foundations are glaring examples of institutional racism."

¶Weakening of the "enclave mentality" of foundations. "The overwhelming majority of American foundations—including a good proportion of the largest ones—have had, and continue to maintain, an obsession for privacy," the report said.

¶Clearer understanding of

the relationship between Government and philanthropic spending, and the capacity of foundations to help solve public problems in a "full-blown welfare state."

The report, noting the regulation of foundations by the Tax Reform Act of 1969, said, "Much of what can be done by legislation to force foundations to overcome their major and obvious debilities has already been done, and in certain respects overdone."

But, at his news conference, Mr. Nielsen advocated legislation that would place a \$500-million ceiling on any foundation's assets and require that any foundation with less than \$10-million be given 10 years of life, after which it would have to distribute its assets philanthropically or merge into a cooperative or community-type foundation.

That proposal was consistently in spirit, if not in dollar terms, with a recommendation in the report that the Ford Foundation, which has assets of about \$3.3-billion, be broken up into three or four separate institutions.

### 'Thought Control' an Issue

Mr. Nielsen explained that foundations with more than \$500-million in assets possessed "a greater concentration of resources than economy of scale justifies." If the Ford Foundation, the country's largest, were

split up, he said, increased attention could be given individual programs and there would be "less negative feedback about thought control" by a foundation that has three times the assets of its closest rival, the Robert Wood Johnson Foundation.

McGeorge Bundy, president of the Ford Foundation, said the idea of breaking up the institution had been reviewed by the foundation's trustees at regular intervals and rejected.

#### Size Termed Essential

Ford officials are said to feel that only the foundation's size has enable it to support such large projects as its aid to black colleges, public broadcasting and the performing arts.

Unlike such critics as Representative Wright Patman, Democrat of Texas, Mr. Nielsen found the financial practices of most of the 33 foundations to be generally commendable.

While the foundations' investment policies have been less productive than possible, the report said, the institutions have not "unreasonably" accumulated income and have, by and large, distributed their income to charity "promptly and fully."

The report's central complaint is that many features of the big foundations have contributed to torpid and unimaginative, even if "nonideological," grant-making. About 8 per cent of the Ford Foundation's grants could be called "experimental or activist," the report said, with a comparable figure of closer to 1 per cent for most of the large foundations.

The report predicted that self-reform of the foundations would occur only if "the leadership class" in the country overcame its "habitual inertia" and the "public interest movements" generated sustained pressure on the foundations.

Two foundations that have recently entered the ranks of the 33 wealthiest—the Robert Wood Johnson and the Edna McConnell Clark Foundations—were not included in the study.

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