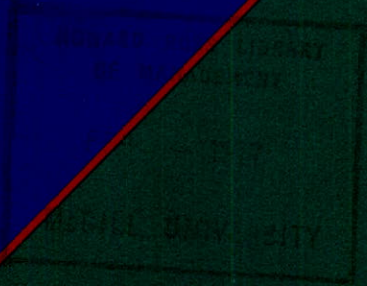
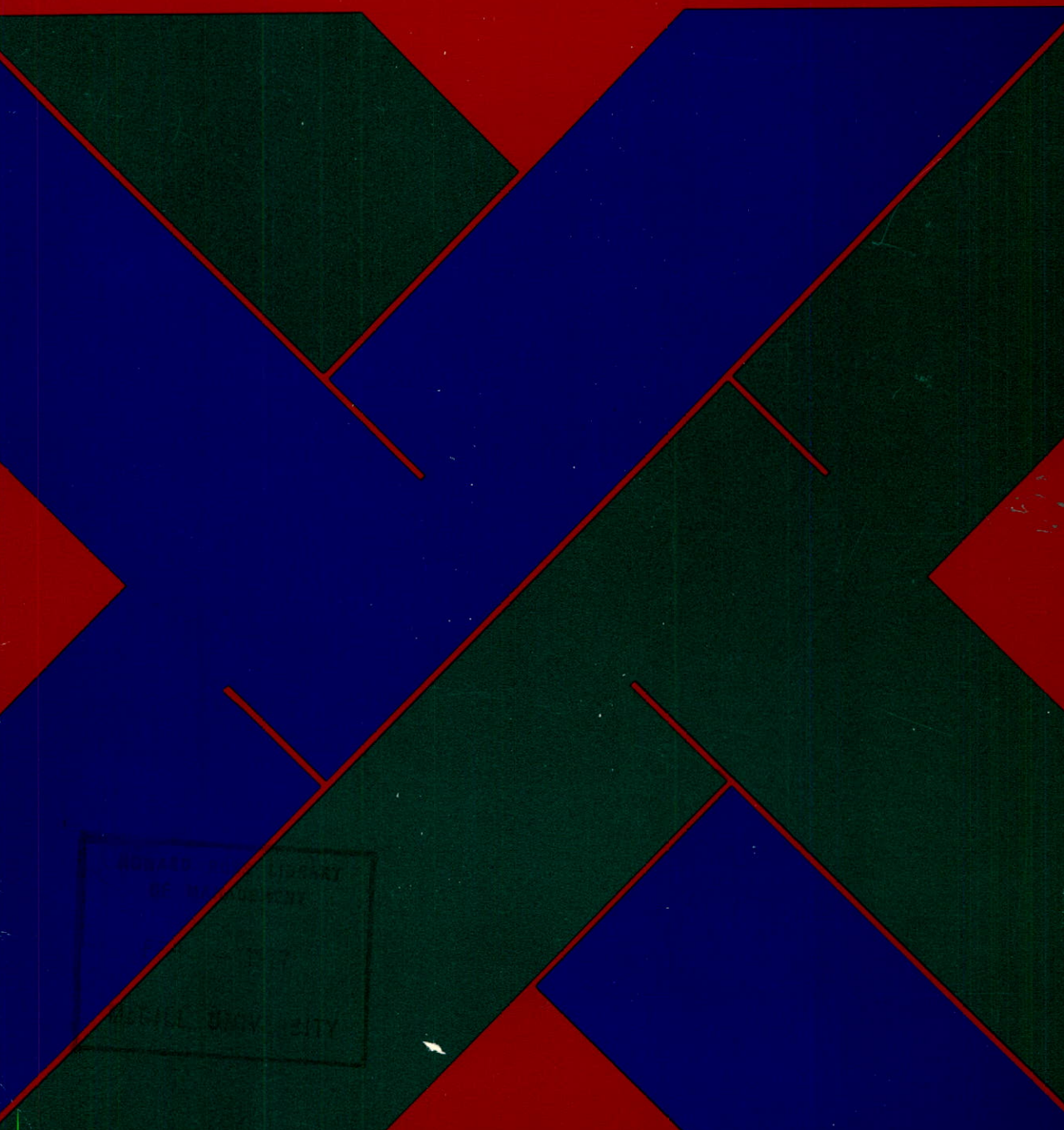


The Twentieth Century Fund

Annual Report 1976





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The Twentieth Century Fund is a research foundation engaged in policy-oriented studies of economic, political, and social issues and institutions. It was founded in 1919 by Edward A. Filene, who made a series of gifts that now constitute the Fund's assets.

The Twentieth Century Fund
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New York, New York 10021

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Contents

- 6 **Director's Report**
- 9 **Trustees and Officers**
 - 9 Investment Advisory Group
- 10 **Introduction**
- 12 **Completed and Continuing Studies**
 - 12 Economic Institutions and Issues
 - 14 Political and Social Institutions
 - 19 International Relations and Development
 - 21 Communications
- 23 **Publishing and Public Information**
 - 23 Public Information
 - 24 Publishing
 - 25 Current Major Fund Studies and Reports,
Cloth Bound, in Print
 - 28 Current Fund Paperbacks in Print
 - 29 Books Issued by Other Publishers
- 33 **Grants**
- 33 **Headquarters Staff**
- 34 **Task Force Members**
- 36 **Auditors' Report**
- 37 **Finances**

Director's Report

The prolonged celebration of the nation's bicentennial makes it appropriate to consider the evolution of the Twentieth Century Fund since its founding by Edward A. Filene in 1919. Although the Fund is young, relative to the republic, it is, relative to most other American foundations, a middle-aged institution. Filene, an innovative Boston merchant who ran his department store on cooperative principles, set up the Fund just after World War I to further his notions of economic and social justice. As an urban reformer, he proposed support for municipal organizations that would bring good government to the cities; as a believer in industrial democracy, he sought to promote minimum wage laws, social security, and recognition of labor unions (on the ground that such recognition would make them more conservative and more cooperative with management); and as a defender of the freedom of the press, he invited Lincoln Steffens to investigate and report on Filene's department store.

More an activist than an intellectual, Filene initially wanted the Fund either to create or to nourish organizations that were forces for progress as he defined it. Hence, the Fund initially made grants to a number of city "clubs," to consumer cooperatives, to the cooperative credit union movement, to the fledgling League of Women Voters. But he also furthered research of a fact-finding nature to pave the way for "the next steps forward" in economic and social reform, providing funds for studies of threats to the press and to academia, the impact of economic boycotts, the problem of anti-Semitism.

Seven years after its establishment, Filene commissioned an evaluation of the Fund's work. That evaluation indicated that the Fund could probably accomplish more in sponsoring research than in providing grants to activist organizations. Filene himself resisted this notion, preferring that the Fund continue to do both. But its resources were limited, and his fellow Trustees, demonstrating their independence, strongly favored concentrating on research. After 1928, when Evans Clark became Director of the Fund, the Fund devoted the bulk of its resources to research. But neither the Trustees nor Clark favored a narrow focus on a specific area. Instead, the Fund, one of the first foundations to devote itself to research, preferred to sponsor careful and thorough research on current or emerging public problems in order to arrive at ideas for fresh and constructive action. In a sense, this decision was a compromise, an attempt by the Trustees to reconcile Filene's desire for an activist organization with their own conviction that the Fund could make its most effective contribution to "the next steps" through research. At any event, Filene was satisfied. He left the bulk of his estate to the Fund on his death in 1937.

During the Great Depression and the years that followed, the Fund's research program dealt mostly with economic problems. The Fund sponsored studies on the stock market, on the nation's debt structure, on health care, and on labor unions. Under J. Frederic Dewhurst, who joined the staff as its economist, the Fund assembled a massive body of statistics on the economy. It also organized small groups of individual scholars and practitioners to undertake research on discrete policy issues; these groups were precursors of our current Task Forces. In addition, Clark and Dewhurst built up their own staff to do independent work, which became another permanent feature of the Fund.

These developments made it possible for the Fund to sponsor a series of research reports on the postwar economy that started emerging in the very early days of World War II. During the 1940s, the Fund also began to conduct research on international issues, an activity that became much more marked in the 1950s and 1960s. In 1956, August Heckscher succeeded Clark as the Fund's Director; in the years that followed, the Fund broadened its scope, sponsoring timely studies on arms control and reapportionment, leisure, and the future of cities. Adolf A. Berle, Jr.,

who was Chairman of the Fund from 1934 until his death in 1971, once observed, "Since the end of the 1920s the Fund has been organized as an agency of research, chiefly in the social-economic field but capable of directing its activities toward any social problem which the times reveal—or which its trustees and its Director are able to foresee."

Almost sixty years after it began, the Fund continues to follow, in broad outline, the precepts set down by Filene and his independent-minded colleagues. Over the years, the Board of Trustees has been expanded from four to twenty-four members, but all of them have been selected on the basis of individual accomplishment, and the roster of Trustees, past and present, is an honor role of distinguished citizens. Whether lawyers or journalists, businessmen or academicians, they share a conscientious concern about issues of public policy and a willingness to work harmoniously together in shaping the research program of the Fund. Their diversity reinforces the original decision to avoid overspecialization and their broad experience has given them a certain prescience about emerging issues. They seem to distinguish instinctively between those issues deserving of serious study and those that may be merely fashionable.

In recent years, the Fund has ventured into new fields and greatly expanded its investment in research, but it continues to sponsor work in the areas that originally engaged its concern—press freedom, urban problems, society and its institutions. This link to the past is not blind ancestor-worship; in fact, it reflects the complexity and intractability of some of the basic problems confronting society. It suggests that Filene and his friends had an uncommon gift for asking hard questions, a Fund tradition that still is very much alive.

* * *

Filene was responsible not only for endowing the Fund and setting its course on "the next steps" but also for making it independent. All foundations, of course, are independent, but the Fund is more so than most because he deliberately avoided conditions that might have constricted or modified its activities. He did not withdraw his benefactions when his colleagues on the Board disagreed with him. He did not seek that the Fund be named for him. He did not insist

that control be vested in his family. Before his death in 1937, he provided for the complete independence of the Fund, even agreeing to the diversification of its portfolio. As a result, the regulations that were imposed on foundations under the Tax Reform Act of 1969 posed no problems for the Fund. Since it already was running its own research program, the Fund qualified under the regulations as an operating foundation; as such, it is entitled to use its resources for projects instead of providing grants.

The legislation required, for the first time, that grant-making foundations pay out a specified percentage of the market value of their portfolios each year; the Fund met that requirement, even though operating foundations were given greater leeway than grant-making foundations. But the Trustees decided that the Fund ought to conform to the spirit as well as to the letter of the law. They also were convinced that the Fund could make the annual payout, initially set at 5 percent, without damage to its capital. In fact, they determined that the Fund should embark on a policy of spending more than its income, which over the past eight years, in good markets and bad, has averaged close to 7.5 percent of the net worth of its portfolio. Despite this spending, the Fund has a larger endowment now than it had in 1968.

Now, as a result of the Tax Reform Act of 1976, grant-making foundations will have to make a payout of 5 percent a year, which is less than the 6.5 percent originally anticipated under earlier legislation. Obviously, Congress has been influenced by the decline of the stock market, which ravaged the portfolios of many eleemosynary institutions. Foundations sought a fixed rather than a flexible payout rate on the ground that it would enable them to plan their grants and manage their portfolios more effectively. But although a fixed rate may be justified, setting it at 5 percent is questionable. Such a low payout target provides no incentive to

improve investment performance. On the contrary, it will encourage mediocrity in investment management and may well lead to much greater dependence on long-term bonds, where yields are far above 5 percent, rather than equities.

It is understandable that foundations, after experiencing the painful market declines of recent years, are unwilling to take much risk in their investments. But in the current inflationary era, the needs of those served by philanthropy are rising, and it does not seem to me that foundations are serving themselves or their constituents by seeking and obtaining so modest a payout rate. Foundations are supposed to have risk capital, and they should use it to take risks.

Fortunately, a number of foundations, including many of the biggest, have consistently spent more than the required payout. More should follow their example. Foundations should not be reckless in their investment practices, as some were, lured by the siren song of perpetual growth during the last decade. But they have an obligation to be responsible in order to increase their grants. A well-managed and diversified portfolio, featuring equities as well as fixed-income investments, should produce over time a return that is considerably higher than 5 percent; this return should be expended in the public interest.

The Fund itself is committed to spend more than its income. It has not settled on any deliberate target because its Trustees believe that all of its resources should be made available, if necessary, for promising projects. Here, again, the present Board of Trustees has decided that Filene was right in not regarding the Fund as a self-perpetuating institution. Indeed, its survival may be due, at least in part, to the fact that it has never consciously sought to maintain its existence in perpetuity. Perhaps that is a good prescription for lasting out this century—which gave the Fund its name— and maybe even surviving to the nation's tricentennial.

M. J. Rossant

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The Investment Advisory Group, together with the director, advises the Fund's finance committee on ways to increase resources for an expanded research program.

Introduction

The Fund concentrates its research projects, both book-length studies and Task Force reports, in a number of areas of continuing significance for public policy. Within these areas, emphasis shifts as issues to which the Fund can make a special contribution emerge. The Fund's traditional interest in financial institutions continues to be the focal point of its work in economic institutions and issues. The Fund also has initiated, as part of its analysis of political and social institutions, a series of studies on judicial institutions, especially those involved with criminal justice, which seem particularly resistant to efforts at reform. New studies reevaluating United States policy on arms control and membership in international organizations have been added to the Fund's program in international relations and development. The Fund's program in communications encompasses studies of issues affecting the freedom of the press and of the economics of the communications industry.

During this fiscal year, forty-six projects were initiated, under way, completed, or terminated. Ten book-length studies and three Task Forces were approved by the Trustees, and eight book-length studies, five Task Forces, and three monographs were completed and either published or scheduled for publication in the next fiscal year.

Half of the Fund's projects were in the broad area of political and social institutions. In this election year, the Fund published the results of three studies of electoral politics: *Political Money: A Strategy for Campaign Financing in America*, by David W. Adamany and George E. Agree; *The Changing American Voter*, by Norman H. Nie, Sidney Verba, and John R. Petrocik; and *The New Presidential Elite: Men and Women in National Politics*, by Jeane Kirkpatrick. As a follow-up to these studies, the Trustees approved a new study of consensus and divergence in American values and attitudes.

The findings of two independent Fund Task Forces on criminal justice problems—*Fair and Certain Punishment: Report of the Twentieth Century Fund Task Force on Criminal Sentencing and Law Enforcement: The Federal Role: Report of the Twentieth Century Fund Task Force on the Law Enforcement Assistance Administration*—were published. In addition, a book-length study, *Jury Selection Procedures*, by Jon M. Van Dyke was scheduled for publication. New projects in the area of criminal justice include studies of trial judges, appellate judges, and police and their informants.

Some years ago, the Fund achieved recognition as a pioneer in sponsoring economic studies of arts



institutions. To complement these earlier studies, the Trustees approved a study of indirect subsidies to the arts.

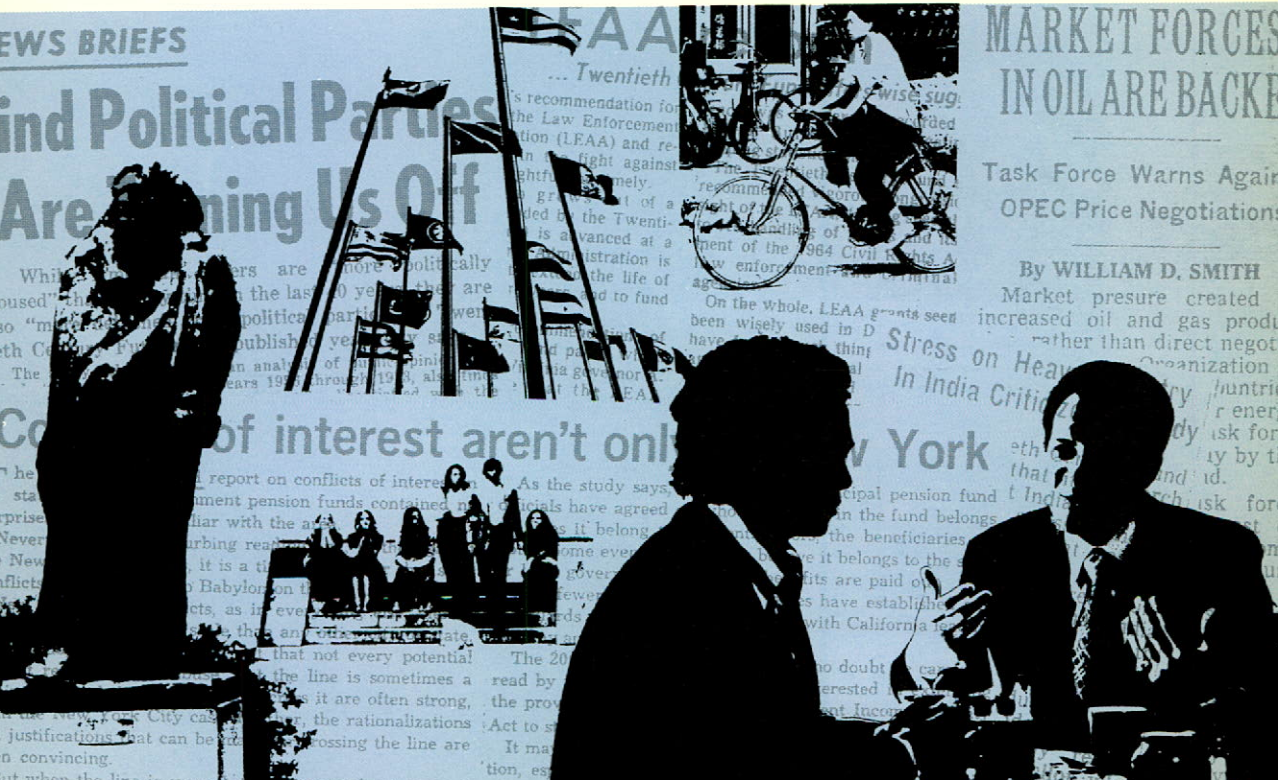
Outside these areas of concentration, studies of the socioeconomic characteristics of the black middle class and control of the large corporation were begun, and a study by August Heckscher, *Open Spaces: The Life of American Cities*, was completed.

The Fund issued four new publications on financial institutions and issues: *Public Employee Pension Funds*, by Robert Tilove; *State and Local Pension Fund Asset Management*, by Louis M. Kohlmeier, and *Investment Banking*, by Nicholas Wolfson, both parts of the Fund's series on conflicts of interest in the securities market; and *Funds for the Future: Report of the Twentieth Century Fund Task Force on College and University Endowment Policy*. The findings of the Task Force on the Municipal Bond Market, which began its work in early 1976, were scheduled for publication in the fall, and the report of the Task Force on U.S. Energy Policy was being prepared for publication. A major Fund study, *Social Limits to Growth*, by Fred Hirsch, was scheduled for publication in the fall of 1976. A new project in this area—a study of finance in developing economies—combined the Fund's

interests in both financial institutions and economic development.

Each of the new projects in the area of international relations and development—a study of arms races and arms control and a study of politicization in the United Nations system—was planned as the first in a series. The economic aspects of international relations, another area of concentration, were represented by three completed studies: *Paying for Energy*, *Report of the Twentieth Century Fund Task Force on the International Oil Crisis*; *American Trade Policy: A New Round*, by Gordon Weil; and *The Dollar Drain and American Forces in Germany: Managing the Political Economics of Alliance*, by Gregory Treverton.

The Fund's major commitment in the area of communications is its support of the National News Council. A project closely related to the concerns of the News Council, the Fund Task Force on Justice, Publicity, and the First Amendment, was completed, and its report, *Rights in Conflict*, was released. Two major studies of the press as an institution—one dealing with the economics of the daily press and the other examining the organization and role of the wire services—will be completed in the next fiscal year.



Completed and Continuing Studies

Economic Institutions and Issues

The Changing Role of the Individual Investor

The changing attitudes and behavior of individual investors, particularly toward investment in common stocks, are more guessed at than known. Making use of new survey techniques, Irwin Friend and Marshall E. Blume of the University of Pennsylvania's Wharton School are studying the factors that influence investors in the purchase or sale of securities. They plan to make recommendations that will ensure more equitable treatment of individual investors in a market dominated by institutions. The study is scheduled for completion in late 1976.

Finance in Developing Economies

Prior to the last decade, the role of financial markets was largely ignored by development economists, but with the onset of worldwide inflation, which has been especially severe in many developing countries, the importance of these markets is beginning to be recognized. Financial policies—and formal institutions—are now considered just as critical to both the mobilization of savings and the allocation of resources in less-developed countries as they are in developed countries. Millard Long of Boston University and Frank Veneroso, a financial consultant to many developing countries, will examine the effects of financial policies on income distribution, the development of entrepreneurship, and economic stabilization in the developing world. They also will develop specific policies for countries at various stages of economic development. The study is scheduled for completion at the end of 1978.

Financial Instability and the Strategy of Economic Policy

A critique of current economic stabilization policies is being undertaken by Hyman Minsky of Washington University, St. Louis. He believes that because standard theory assumes a barter economy, it focuses on trade and production, largely ignoring ways in which time, money, and uncertainty affect "sophisticated" capitalist economies. His detailed analysis of the functioning of the nation's financial system, which he views as closer to Keynes than what is usually characterized as Keynesian, leads him to propose the adoption of new policies that may be more effective in coping with swings in the

business cycle, unemployment, and the rate of inflation. The study is scheduled for completion in late 1976.

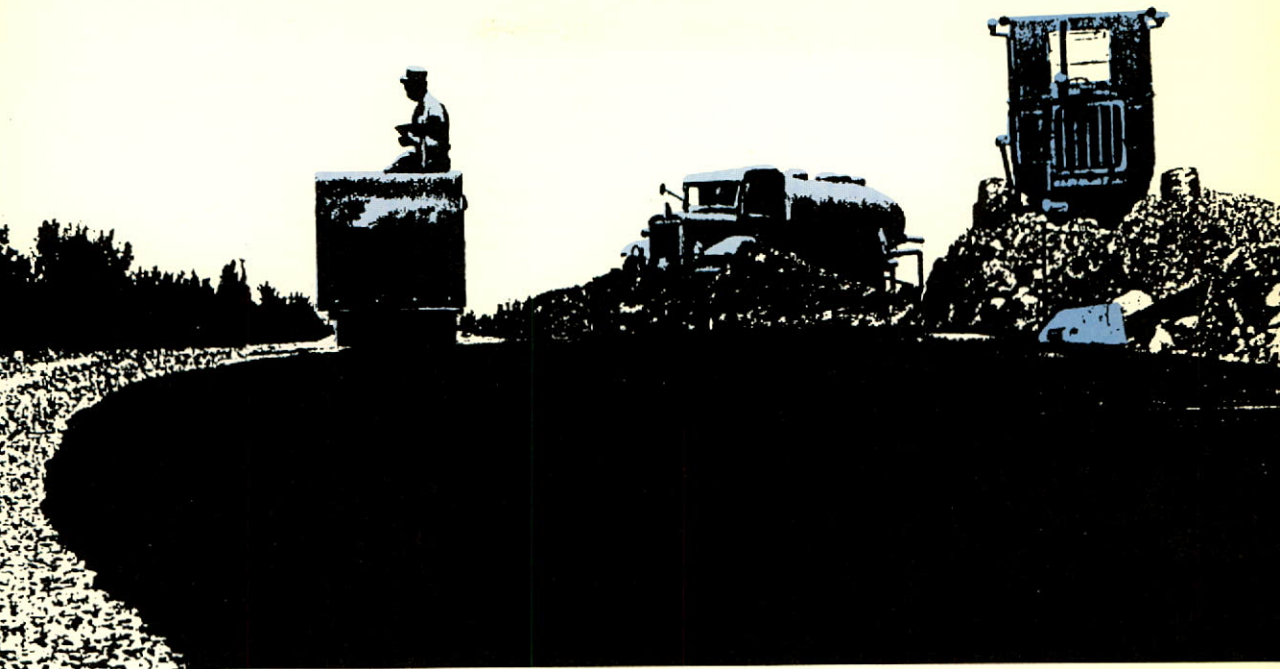
Social Limits to Growth

The sustained economic growth of the advanced industrial nations in the postwar period has been accompanied by a growth of social problems. Fred Hirsch of the University of Warwick has been analyzing the reasons for increasing frustration in societies that enjoy relatively high living standards. His findings, which challenge many of the beliefs of orthodox economics, suggest that new ways must be found to deal with both individual and collective aspirations to improve the quality of life. The study is scheduled for publication by Harvard University Press in the fall of 1976.

The Municipal Bond Market

Both borrowers and investors in the municipal bond market were aware, even before New York City's fiscal crisis erupted last year, of declining institutional demand for tax-exempt bonds, which, when combined with the proliferation of nontraditional uses swelling the supply, threatened to stretch the market to the breaking point. New York's plight raised questions about provisions for adequate disclosure of pertinent data on the fiscal health of the borrower, the limits on liability of the issuer and underwriter, and what constitutes equitable competition among the various classes of dealers. The Fund's earlier Task Force in this area made a number of recommendations about the major rating agencies and their effects on the market; this report, *The Rating Game*, was published in 1974.

The Fund also saw a need to restructure this vital market to provide more efficiently the capital required for public uses by local governments. It commissioned an independent Task Force composed of past and present state and local officials and practitioners representing all aspects of the municipal market and political and economic theorists. The Task Force, under the chairmanship of Philip H. Hoff, former governor of Vermont, and Ray Garrett, Jr., former chairman of the Securities and Exchange Commission, has completed its deliberations. Its report, together with a background paper by Ronald W. Forbes of the State University of New York at Albany and John E. Petersen of the National Governors Conference, will be published in the fall of 1976.



Postwar International Monetary System

The course of international monetary policy has not run smoothly since fixed exchange rates were set at Bretton Woods in 1944. Milton Gilbert, the former economic advisor to the Bank of International Settlements, is analyzing the major changes in policy that have taken place in the postwar era, with particular emphasis on the political developments that have influenced the strengths and weaknesses of the dollar and other currencies, including the battle over the role of gold. The study, which has been subject to delays, is now scheduled for completion in 1978.

Securities Markets

Five reports in the Fund's series on conflicts of interest in the securities markets have been published in limited paperback edition. The first three covered conflicts in commercial bank trust departments, corporate pension funds, and broker-dealers. Investigations of conflicts in investment banking firms by Nicholas Wolfson and of conflicts in state and local public employee pension funds by Louis M. Kohlmeier have now been issued. Reports on real estate investment trusts and on union pension funds are being edited. All of these reports and others will subsequently be published in book form along with a chapter of policy recommendations by the steering committee that supervised the project. William L. Cary, Benjamin V. Cohen, Roger F. Murray, William Stott, and M. J. Rossant,

director of the Fund, are members of the steering committee, which is chaired by Roy A. Schotland.

United States Energy Policy

Since the Arab oil embargo of 1973, both the price of energy and American dependence on foreign sources of energy have increased. Two years ago, the Fund convened a Task Force to study the financing problems that emerged from OPEC's actions. The report of that Task Force, *Paying for Energy*, was published in December 1975. Meanwhile, formulation of a coherent and comprehensive national energy policy has been hampered by conflicts between basic policy objectives, such as large-scale expansion of domestic energy production, and the need for environmental protection. Confusion over basic objectives is compounded by the lack of precise information on the technological, economic, and environmental effects of specific policy options. In order to identify and examine these options, the Fund convened an independent Task Force, chaired by Herbert M. Cohn, vice-chairman of the board of the American Electric Power Company. The Task Force is reviewing the current situation and plans to propose a series of policy recommendations to guarantee secure supplies of energy at reasonable prices. Richard B. Mancke of Tufts University is preparing a factual background paper to accompany the Task Force report. Publication is scheduled for late 1976.

Political and Social Institutions

The American Art Museum: A Troubled Cloister

American art museums, although enjoying a period of unprecedented popularity, are beset by serious financial strains. As a result, they have become increasingly dependent upon direct public subsidies, which have been accompanied by inevitable—and justifiable—demands that those responsible for managing and operating them be made more accountable. Karl Meyer, the author of several books on archeology, is undertaking a policy-oriented analysis of the problems currently facing the nation's art museums. The project is scheduled for completion late in 1976.

Big City Mayors

The deteriorating financial and social conditions in many of the nation's older major cities have focused attention on the inability of municipal governments, and their executives, to deal with

problems that may well stem from causes beyond local control. Russell Murphy of Wesleyan University is documenting and defining the steady decline in the power of the mayoral office since the 1930s, when large-scale federal intervention in local finance and social welfare programs first began. The manuscript, which has been subject to extensive revision, is now expected to be completed early in 1977.

Consensus and Divergence in American Values and Attitudes

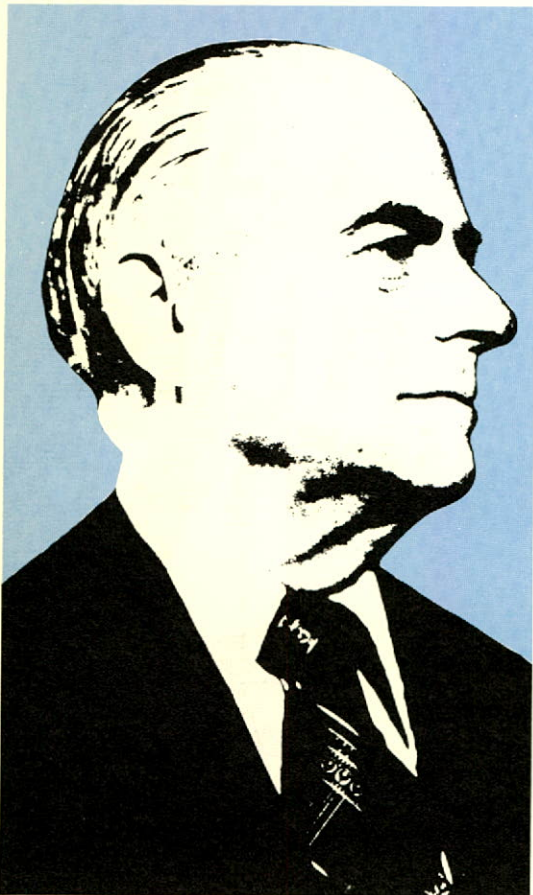
The social, political, racial, and generational conflicts that characterized American politics in the 1960s undermined the conventional belief that democracy in the United States was the product of a broad consensus on fundamental political and social values. Using data derived from an innovative survey of national opinion as well as a sample of opinion leaders, Herbert McClosky of the University of California at Berkeley is examining the depth, persistence, and political significance of current divisions in public values and opinion. He plans to combine a detailed description and analysis of the political attitudes and policy preferences of the public with an interpretation of their implications. The study is scheduled for completion in the fall of 1978.

Control of the Large Corporation

The use of concentrated economic power, a concern in the Federalist papers, has frequently emerged as a public policy issue. *The Modern Corporation and Private Property*, the landmark study by Berle and Means, stimulated a number of important analyses, but recently, several scholars have challenged this thesis of the separation of corporate ownership and control. The rise of institutional investors and their power to reassert ownership control has led Edward Herman of the University of Pennsylvania's Wharton School to examine these aspects of modern corporations. Through a series of case-by-case analyses, he is attempting to define not only where the power lies but how it is exercised and maintained, he also plans to emphasize the prospective extent and limitations of "corporate responsibility." The study is scheduled for completion at the end of 1977.

Demography of American Juries

Jon M. Van Dyke of the University of Hawaii Law School has completed a critical examination of the American jury system. After examining state



and federal practices, he has concluded that American juries fall short of the ideal of representativeness. He argues that only universal jury service will satisfy the constitutional requirement of fair and impartial juries and recommends ways to set up that universal system. The manuscript is scheduled for publication, without the Fund's imprimatur, in 1977.

Desegregation and Integration of the Public Schools

More than twenty years have passed since the Supreme Court mandated the desegregation of American public schools. Yet as recent events in Boston and Louisville demonstrate, the effects and implications of that historic decision remain among the most controversial issues in American politics. Robert B. McKay, director of the Aspen Institute Program on Justice, Society, and the Individual, is undertaking a broad-gauged study of the course of school desegregation since 1954. He is paying particular attention to the problems of implementing court decisions and will attempt to identify the most effective strategies for achieving successful integration. The project, which has been subject to delay, is now scheduled for completion in mid-1977.

Discrimination in the Education and Labor Markets

The narrowing in black-white income differentials is a testimony to the fairly steady improvement in the relative position of black Americans in the education and labor markets. Until now, pervasive discrimination has existed—even though this discrimination was not in the best interests of employers. Richard Freeman of Harvard University challenges existing economic theories of discrimination, arguing that it was government policy that first preserved and then shifted toward eliminating discrimination. The study, which has experienced major delays, is now scheduled for completion in 1977.

Evaluation of Judicial Performance: The American Appellate Judge

The postwar record of judicial review of such sensitive issues as school integration, legislative reapportionment, and abortion has placed appellate judges in the center of intense political controversy, raising questions about both their industry and competence to resolve what are essentially political disputes. Daniel Meador of



the University of Virginia Law School believes political considerations are the central problem in devising procedures appropriate for the selection of appellate judges. He hopes to identify nonpolitical qualifications for the appellate judiciary and to devise selection procedures that place political considerations in proper perspective. His study is scheduled for completion in the spring of 1978.

Evaluation of Judicial Performance: The Trial Judge

Trial judges constantly confront the vexing problems of overcrowded dockets, criminal recidivism, plea bargaining, and the whole range of civil and criminal matters that come before the courts. Arthur Rosett of the University of California at Los Angeles, formerly associate director of the President's Commission on Law Enforcement and Administration of Justice, is going beyond recent journalistic exposés of trial judges to study ways of evaluating judicial performance and holding judges accountable while respecting the principle of judicial independence. He plans to develop criteria for assessing judges and to make recommendations for the implementation of a realistic system of evaluation. His study is scheduled for completion by late 1977.

Federal Power and State Priorities

The size and responsibility of state governments have grown substantially over the last decade. At the same time, the federal government, through legislation and policies, has asserted its influence over the states in various ways. Peter Passell of Columbia University and Leonard Ross, a member of the Public Utilities Commission in California, are examining the impact of federal programs and funding priorities on the State of California. Focusing on specific programs, they are evaluating alternative strategies for financing state programs and meeting state priorities within the federal system. The study is scheduled for completion in the fall of 1977.

Indirect Subsidies to the Arts

Although direct public support for the arts has increased rapidly, primarily under the auspices of the National Endowment for the Arts, indirect subsidies through tax deductions and property, sales, and use tax exemptions are an older and even more important form of public support. Michael O'Hare of the Massachusetts Institute of Technology is analyzing the extent and nature of



indirect public support for the arts in collaboration with Alan Feld, professor of law at Boston University, and J. Mark Schuster, also of M.I.T. The study will weigh the advantages of indirect over direct subsidies and will involve an evaluation of various tax reform proposals to weigh their possible consequences. The study is scheduled for completion in late 1977.

Large-Scale Public Support of the Arts in the United States

Nearly \$300 million per year is now being channeled to the arts by direct public subsidy, over half through agencies that did not even exist fifteen years ago. Dick Netzer, dean of the New York University Graduate School of Public Administration, is working on an economic analysis of these subsidies in an effort to determine how much should be spent and which criteria should be employed in allocating these funds. The study is scheduled for publication in 1977.

The Law Enforcement Assistance Administration

The Law Enforcement Assistance Administration, which was created in 1968 to assist states and localities in dealing with crime, has had a controversial history. Because few independent evaluations of the agency had been made, the Fund established an independent Task Force of distinguished citizens, chaired by the

former governor of Virginia, A. Linwood Holton, to examine LEAA. The report of the Task Force, along with a background paper by Victor Navasky with Darrell Paster, was published in the spring of 1976. Critical of LEAA, it proposes a new structure for the agency and a change in its relationship with state and local agencies.

Legal Representation Afforded to Indigent Criminal Defendants

The 1963 Gideon decision, which cited the Sixth Amendment as giving defendants the right to counsel, has not been followed by a systematic evaluation of assigned counsel systems. Robert Hermann of the Public Interest Law Clinic at New York University Law School and Eric Single, a computer specialist, are investigating the adequacy of assigned counsel systems in three major cities—New York, Washington, and Los Angeles. Comparing the performance of public defender offices, individually assigned attorneys, and privately retained counsel, they make recommendations to improve representation of the poor. The project is scheduled for completion late in 1976.

Open Spaces in the Inner City

A comprehensive description and analysis of open spaces in metropolitan areas has been conducted by August Heckscher, former commissioner of parks and administrator of recreation and cultural affairs for New York City and former director and trustee of the Fund. Mr. Heckscher was assisted by Phyllis Robinson, former deputy commissioner for cultural affairs for New York City. The manuscript provides a fresh perspective on cities by viewing their parks, squares, natural features, and corridors of movement. The manuscript, which includes a series of maps by Dyck Fledderus, will be published by Harper & Row early in 1977.

The Planning of Low Income Housing

Federal housing policy, which has been directed toward the renewal of urban centers and the provision of more and better housing for the poor, often has had the opposite effect of stimulating urban deterioration and the concentration of poverty in central cities. Alexander Polikoff, the Chicago lawyer who won an 8-to-0 Supreme Court decision in the Gautreaux case (arguing that the Chicago Housing Authority had engaged in discriminatory housing practices), is evaluating the role of public housing programs in promoting racial segregation in metropolitan

housing. The study is scheduled for publication in 1977.

Police Information Systems

The police are perhaps the least studied and least understood element of the criminal justice system. Carl Klockars of the University of Delaware is examining the operations of three detective units—at the state, county, and city levels—in gathering, selecting, processing, and delivering their most important commodity—information. He plans to make recommendations to improve police operations by expanding the number of legitimate sources of information. The project is scheduled for completion late in 1978.

Political Surveillance in the United States

Recent congressional investigations have uncovered a long series of abuses in the domestic intelligence activities of the FBI, the CIA, and other government agencies. These revelations have already prompted some reform measures and will undoubtedly lead to further new legislation. Richard Morgan of Bowdoin College is engaged in a study that will survey American experience with the monitoring of political dissent, critically evaluate recent reform efforts, and offer new suggestions for curbing abuses in the domestic intelligence area. The project is scheduled for completion in the fall of 1977.

Private Charity in the United States

The role of private charities in the United States is the subject of a study by Walter Shapiro, an editor of *Washington Monthly*. With the erosion of private contributions by inflation, charities have become increasingly dependent on the government for a major portion of their budgets. Shapiro is assessing the impact of increased government support on charitable programs and examining how charities could make better use of their unique resources—private contributions and volunteer workers. The study, which has been subject to considerable delay, is now scheduled for completion in 1977.

Politics of Land Use Reform

Since the development of the environmental movement, land use, which had been traditionally governed at the local level, has been taken over by state and regional authorities. Frank Popper, a political scientist, is analyzing the environmental, economic, political, and bureaucratic effects of this trend toward regional



and statewide land use planning and regulation. The study is scheduled for completion in 1977.

The Socioeconomic Condition of the Black Middle Class

The black middle class, which has expanded considerably since World War II, is a little-studied group. L. Bartholomew Landry of the University of Maryland is analyzing Census Bureau data and conducting his own comprehensive survey of the socioeconomic characteristics of black and white middle class families in order to identify differences between the determinants of class status and security of middle class status. His study is scheduled for completion in 1977.

Public Authorities

The public authority device has become an increasingly popular means of evading government debt limitations and legislative oversight. The efficiency and nonpolitical nature of public authorities are now being questioned. Annmarie Hauck Walsh of the Institute for Public Administration has examined these questions, analyzing the philosophical and political assumptions that prompt the use of authorities, the behavior of authority management, the nature of authority financing (including "moral obligation" bonds), and the extent to which public authorities serve the public interest. The manuscript is now being edited, with publication planned for 1977.

U.S. Biomedical Research and Technology Policy

The full range of federal programs in support of biomedical research is being studied by Stephen Strickland, director of the Washington Study Group of the Health Policy Program of the University of California. In the context of overall federal health policy, he is attempting to assess the relative costs and benefits of the research program and will recommend measures to improve the performance of the National Institutes of Health. The project is scheduled for completion by the summer of 1977.

International Relations and Development

Arms Races and Arms Control

Widespread disappointment over the failure of recent agreements between the Soviet Union and the United States to bring a halt to the arms race has raised fundamental questions about arms control. In particular, there is increasing skepticism about the "action-reaction model" that has traditionally been used to explain the nature of arms races. Charles Fairbanks of Yale University has begun a study that will examine the adequacy of the "action-reaction model," as well as alternative theories, to account for the arms races of the twentieth century. The project is scheduled for completion in the fall of 1978.

Formulation of American Policy Toward the Arab-Israeli Dispute

The seemingly perennial Arab-Israeli conflict has great importance in domestic politics. Steven Spiegel of the University of California at Los

Angeles is studying how American proponents of each side use bureaucratic positions and political power to influence U. S. policy toward the Middle East. His study, which had been subject to considerable delay, is now scheduled for completion late in 1976.

Japan and the World Economy

The prospects for continued dramatic growth of the Japanese economy and of world trade are being assessed by Hugh Patrick of Yale University and Gary Saxonhouse of the University of Michigan. Working with a large-scale economic model of the factors contributing to Japan's comparative advantages, they are seeking to arrive at specific policy recommendations for the United States in its trade and financial relationships with Japan. The study, which had fallen seriously behind schedule, is now scheduled for completion in 1977.

Nationalization of U.S. Enterprises in Latin America

Many Latin American nations have nationalized U.S.-owned enterprises, thereby creating strains in their relationships with the United States. Paul Sigmund of Princeton University is engaged in a study of both the causes and the effects of nationalization decisions by Latin American governments. He plans to make a series of recommendations to U.S. policymakers for dealing with future nationalizations. The study is scheduled for completion in the fall of 1977.

Politicization in the United Nations System

Many of the specialized agencies of the United Nations, and even the United Nations itself, have become embroiled in political disputes that bear little relation to their specific functions. The controversy surrounding ILO and UNESCO has become so intense that future U.S. participation in their activities is in doubt. Daniel Partan of Boston University Law School, author of a widely praised recent documentary study of UNESCO, is investigating the dynamics of politicization in the specialized agencies; he will suggest ways of minimizing the damaging effects of such politicization. His study is scheduled for completion in the summer of 1978.

Soviet-American Economic Relations

The potential for increased trade with the Soviet Union, and the degree to which the Soviet Union's need for American goods (particularly in technology and grain) can be used as a bargaining



device for diplomatic advantages are being explored by Franklyn Holzman of Tufts University. Within the limits that comparative advantage and relative resource endowments impose on trade and investment possibilities, Holzman is examining the way in which institutional and ideological considerations, such as centralized planning, affect Soviet trade policies with the United States and other countries. The study is scheduled for completion in 1977.

The Taiwan Issue in U.S. Relations with China and Japan

Any improvement in relations between Washington and Peking may affect the future of Taiwan. And the importance attached to Taiwan by Japan, our principal ally in Asia, makes the issue even more sensitive. Ralph Clough, who served for many years as a foreign service officer in East Asia and has recently been a senior fellow at the Brookings Institution, is investigating

current developments on Taiwan and the attitudes of the major powers regarding its status. His project is scheduled for completion in the fall of 1977.

United States Policy Toward the Caribbean

The Caribbean area has been largely neglected by U.S. foreign policymakers—despite its proximity and the long history of close relations between the countries of that region and the United States. Yet the Caribbean, which was once regarded as an area of American support, has become increasingly hostile to the United States. This new and troubling development is the focus of a reexamination of the U.S. role in the Caribbean by John Bartlow Martin, former ambassador to the Dominican Republic. He is formulating a series of recommendations for U.S. policy toward the Caribbean. The study is scheduled for publication in 1977.



Communications

Application of First Amendment Principles to Broadcast Licensing

Although he undertook extensive research and produced a manuscript, Albert Kramer had difficulty clarifying his proposed accommodation between the need for greater public access to the airwaves and constitutional objections to government regulation of broadcasting content. Consequently, the project was terminated and the manuscript released to the author.

Computers, Information Processing, and Privacy

Howard Latin completed a number of chapters that described developments in computer handling of information and suggested the possibility that some applications of computer technology would result in the invasion of individual privacy. Despite a number of revisions, however, he proved unable to provide a clear picture of the dangers computers pose to privacy and the public issues raised by new technology. Consequently, the project was terminated with the release of the chapters to the author.

The Economics of the Daily Press in the United States

Because the press plays a key role in the political process of the nation, newspapers are often viewed as possessing quasi-public responsibilities. The First Amendment and legal tradition, however, establish the American newspaper as a private enterprise relying on the operation of economic markets for survival. James Rosse of Stanford University is examining the market forces that are likely to determine the future shape of the newspaper industry. He is trying to see whether or not appropriate public policies can be devised to alter the current trend toward increasing monopolization without interfering with the freedom of the press. The study is scheduled for completion by the end of 1976.

Economics and Financial Problems of the Cable TV Industry

The Fund held a useful working conference on the problems of the cable television industry, but when the writer employed for the purpose failed to complete the monograph commissioned for the conference, the task was given to another writer with competence in the field. Further delays then ensued, however, and the project was terminated.

Information, National Security, and Constitutional Procedures

Morton Halperin has completed his study of the national security secrecy system, including recommendations for reform of the classification system in order to provide Congress and the public with the information they need to participate effectively in forming American foreign policy. After it was determined that the work would not be designated a Twentieth Century Fund Study, the manuscript was released to the research director to make his own publication arrangements.

National News Council

The National News Council has completed its first three years amid evidence of growing acceptance of its role as an independent organization dedicated to preserving freedom of communication while advancing accurate and fair reporting of the news. In its third full year of operation, the Council won formal endorsement by Sigma Delta Chi, the society of professional journalists, by more than a 2-to-1 vote at its national convention. Subsequently, an independent evaluation committee, established by the Fund and other foundations supporting the Council, reported unanimously that not only should the Council continue its work but it should expand its operations "to help blunt any drive to restrict press freedom." The purpose of the evaluation, which was provided for when the Council was initially established, was to guarantee potential supporters an impartial assessment of the Council's effectiveness. Federal Judge George Edwards of Cincinnati was chairman of the committee, which included representatives of the press, the public, and the foundation consortium.

The committee's report received widespread publicity, and the Council promptly moved to carry out the recommendations, which were designed to increase its effectiveness. Council membership was expanded to include representatives of major news organizations. The Council elected Richard Salant, president of CBS News, a member and planned to add other members who would help to strengthen public and industry support for the Council. It also broadened its jurisdiction, as the evaluation committee had recommended, so that it is now prepared to accept complaints of national significance whether or not they originate in a national broadcast or publication.

Panel Asks State Laws To Restrict Gags on Press

By TOM GOLDSTEIN

Concluding that attempts by trial judges to restrain reporters from covering criminal proceedings "constitute a growing threat to freedom of the press," a group of lawyers, journalists and judges proposed yesterday legislation that would strictly regulate the manner in which state court judges could issue restrictive orders against the press.

During the year, the Council reviewed a number of complaints against broadcasters and publishers. Major newspapers in Washington, D.C., and St. Louis were criticized for the inaccuracy of their news stories, and a television network was found to have presented a documentary in such a manner as to lead viewers to a false notion of the facts. In addition, the Council published a study of the presidential news conference. Council officials also met with the director of the Central Intelligence Agency to discuss that agency's policy toward clandestine use of U.S. foreign correspondents and stringers as sources of information; after the meeting, the CIA announced that it would no longer make use of persons associated with American news agencies abroad. The Council's role in obtaining this assurance received wide publicity.

The Trustees of the Twentieth Century Fund approved a grant for 1976-77 contingent on achievement of broader support and greater public effectiveness. The Council succeeded in obtaining major grants from a number of newspaper-affiliated foundations and gained significant support from corporation foundations. The Fund's Trustees have pledged sympathetic consideration of further support for 1977-79 if the Council demonstrates continued progress.

Wholesale News: How the Wire Services Select, Shape, and Distribute Information

Despite the heroics of Watergate and Hollywood, the investigative reporter is the exception rather than the rule in American journalism. The major wire services, which are responsible for the bulk of the nation's news diet, are the subject of a study by Edward J. Epstein, a political scientist and author of numerous articles and books. He is testing the hypothesis that wire service news coverage is in most cases the product of official sources. His study will examine the organizational, economic, and technological constraints that shape and limit wire service reporting. The project is scheduled for completion in the spring of 1977.

THE NEW YORK TIMES/MAR. 16, 1976/"Panel Asks . . ."
 THE LONDON TIMES/MAR. 17, 1976/"US fears . . ."
 ARKANSAS GAZETTE/TEXARKANA, ARK./MAR. 22, 1976/"Court . . ."

US fears of 'British-style curbs' on press freedom

From Peter Strafford
 New York, March 16

New support for the rights of the American press in its conflict with the courts has been given in a report just published by the Twentieth Century Fund in New York.

The report suggests that there is a danger that the American press might slip into a situation similar to that in Britain where, it says, "the courts exercise a great deal of control over what the press may report about criminal proceedings".

The document points out that the First Amendment . . .

draft the order would be up of judges, lawyers and analysts. The inclusion of journalists on this committee was endorsed by the five members and editors who served on the 13-member study group. It was opposed by Stephen Nett, a law professor at the University of California, Berkeley, and Joseph P. Fano Jr., a lawyer who represents The Washington Post. "I question whether legislation would not violate constitutional independence of the judiciary and press freedom of the press by co-opting members to serve as a 'press court'." Mr. B.

The basic question is whether judges have the right to restrict the press not to publish on cases before them. Several such orders have been issued in the past year with the intention of a fair trial, and have been challenged by the press. It is to come before the Supreme Court.

The Twentieth Century Fund report, *Rights in Conflict*, was written by a group of 13 including judges, lawyers, and journalists. With one dissenting voice, it finds that . . .

Court Curbs on Press

A new Twentieth Century Fund task force report should help to correct a dangerous trend toward growing court restraints on the press. The report, which provides the public with a welcome reminder of the essential meaning of freedom of the press, says that editors — not judges or any other officials — should determine what to publish.

This is the heart of the matter. For what effort to assure a fair trial for defendants is important, this cannot properly be achieved by judicial curbs on the constitutional guarantee of press freedom.

It does not follow that the press has an obligation to exercise responsible news judgment in an effort to minimize the tension between the public's right to know and the press's freedom to report.

Publishing and Public Information

In fiscal 1976, substantial increases in the number of research projects in the Fund's portfolio led to increased publishing activity and a broader public information program. The Fund's newsletter, press releases, press conferences, and television and radio interviews were used to disseminate the findings of research projects that had been published as either full-length books or shorter reports.

Public Information

During the past year, the Fund held ten press conferences at its New York headquarters to introduce authors and their books to the media. These conferences ranged from informal background meetings between authors and press specialists to large sessions with representatives of television, radio, newspapers, and periodicals. In addition, the Fund issued seventeen news releases, including announcements of its publications, elections of Trustees, and other internal Fund developments. The Fund also prepared a press release and hosted a press conference to make public the report of the independent Committee to Evaluate the National News Council.

Two Fund publications dealing with public employee pension plans received a great deal of press coverage and public attention. The first, an analysis of conflicts of interest in pension fund asset management, was released during the fiscal crisis in New York City, which was in part alleviated by pension fund purchases of city obligations. As a result of these purchases, the press conference was heavily attended, and the report's suggestion that such purchases might constitute a conflict of interest was given national coverage. Several weeks later, a major book-length study on the costs and benefits of public employee pension systems was published for the Fund by Columbia University Press. The research director's comments at the conference announcing the publication of the book also drew extensive news coverage and editorial comment.

A number of the Task Force reports issued by the Fund this year received extensive press coverage. A report dealing with judicial gag orders, released while the Supreme Court had a landmark case on the subject under advisement, drew favorable comments from both the press and the bar. The policy recommendations in the report on the Law Enforcement Assistance Administration, which

was released while Congress was considering whether or not to renew the program, were widely reported and prompted a large number of newspaper and periodical editorials. The reports on the endowment policies of private colleges and universities and on the international financial aspects of the energy crisis also were accorded substantial coverage.

Although the Fund's new publications received the major share of the coverage, the press paid considerable attention to several reports and books that had been issued in previous years. For example, many news stories dealing with legalized gambling mentioned the Task Force report that had been published in 1974. And during the fiscal crisis in New York City and State, there were frequent references to the Fund's 1973 study of municipal credit ratings.

During the year, the Fund published three issues of the newsletter, which announces all new research projects and reports on the findings of newly published studies and reports. The newsletter is circulated upon request and without charge to approximately 12,500 individuals and organizations.

A frequently updated list of Fund publications in print, including both original editions and an increasing number of reprints, is available from the Fund free of charge. As a result of the Fund's success in placing manuscripts with university presses and commercial houses, nearly all Fund books in print can be ordered from bookstores or directly from publishers.

The Fund's arrangement with the McGraw-Hill Book Company for the publication and distribution of Fund Task Force reports has gained additional exposure for Fund publications at various professional conventions and association meetings during the year. At such exhibits, Fund books are displayed both by publishers and, in some cases, by the Fund itself. In fiscal 1976, Fund books were shown in twenty-nine exhibits across the nation, including major meetings, such as the American Library Association and the American Political Science Association. Fund books also were included in a number of government-sponsored exhibits in Washington and other cities.

In an effort to widen the distribution of its research projects, the Fund has undertaken

negotiations for commercial preparation and sale of its popular Gross National Product Flow Chart, which has been reproduced biennially for ten years in an edition of 25,000 and distributed free to schools and universities.

The Fund-sponsored color motion picture film on the Gross National Product is already distributed commercially by McGraw-Hill Films. More than thirty copies of the film, which employs the basic graphic techniques used in the chart, were sold to educational institutions during the past year, and the film was rented for a similar number of showings.

Publishing

The Fund disseminates the manuscripts that result from its projects in a variety of ways. Book-length manuscripts are placed with either commercial houses or university presses; the precise choice depends on the subject and its presentation, as well as an assessment of its potential audience. In fiscal 1976, ten books were published by four different publishers, and arrangements were made for the publication of a number of others. The Fund's Task Force reports, previously published and distributed by the Fund itself, are now published by the Scholarly Books Division of the McGraw-Hill Book Company, which issued five new reports in hardback and paperback editions this year. The Fund still publishes its own paperback monographs; six were issued in fiscal 1976. The Fund also has an arrangement with the Kraus Reprint Company for the publication and distribution of books and reports that go out of print.

Book-length manuscripts resulting from Fund studies are offered in fully edited form to those publishers that have expressed an interest in them. Publishers are kept regularly informed of new studies through the Fund newsletter. In making its final choice of a publisher, the Fund considers a number of factors; the most important is distribution and promotion plans because the Fund seeks the broadest possible audience for its books. The Fund receives the standard royalty rates for its books.

The full-length books published during the year were *Political Money: A Strategy for Campaign Financing in America*, by David W. Adamany and George E. Agree, published by the Johns Hopkins University Press; *Public Employee Pension*

Funds, by Robert Tilove, published by Columbia University Press as a Fund Report; *The New Economics of Growth: A Strategy for India and the Developing World*, by John Mellor, published by Cornell University Press as a Fund Study; and *The Changing American Voter*, by Norman H. Nie, Sidney Verba, and John R. Petrocik, published by Harvard University Press also as a Fund Study. Contracts were signed during the year with Harper & Row for the publication of *Open Spaces: The Life of American Cities*, by August Heckscher; with the Harvard University Press for the publication of *Social Limits to Growth*, by Fred Hirsch; and with Ballinger Publishing Company for publication of a work on jury selection procedures, by Jon M. Van Dyke. Negotiations are under way for the publication of Gregory Treverton's manuscript, *The Dollar Drain and American Forces in Germany: Managing the Political Economics of Alliance*, and arrangements were concluded for distribution of *The New Presidential Elite: Men and Women in National Politics*, by Jeane Kirkpatrick, a book jointly sponsored by the Russell Sage Foundation and the Twentieth Century Fund that will be distributed by Basic Books.

The five Fund Task Force reports published by the Scholarly Books Division of the McGraw-Hill Book Company were *Funds for the Future, Report of the Twentieth Century Fund Task Force on College and University Endowment Policy*, with a background paper by J. Peter Williamson; *Paying for Energy, Report of the Twentieth Century Fund Task Force on the International Oil Crisis*, with a background paper by Sidney S. Alexander; *Rights in Conflict, Report of the Twentieth Century Fund Task Force on Justice, Publicity, and the First Amendment*, with a background paper by Alan Barth; *Fair and Certain Punishment, Report of the Twentieth Century Fund Task Force on Criminal Sentencing*, with a background paper by Alan Dershowitz and Ann Greenblatt; and *Law Enforcement: The Federal Role, Report of the Twentieth Century Fund Task Force on the Law Enforcement Assistance Administration*, with a background paper by Victor S. Navasky with Darrell Paster. Two more Task Force reports are currently scheduled for publication.

Monographs published by the Fund included *American Trade Policy: A New Round*, by Gordon Weil, and two reports in the Fund series

dealing with conflicts of interest in the securities market: *State and Local Pension Fund Asset Management*, by Louis M. Kohlmeier, and *Investment Banking*, by Nicholas Wolfson. In all, five reports in the conflicts series have been published and three are in preparation.

Two reprints of earlier Fund works were issued during the year. *Electing Congress: The Financial Dilemma, Report of the Twentieth Century Fund Task Force on Financing Congressional Campaigns*, with a background paper by David L. Rosenbloom, was issued by the Kraus Reprint Company; and *Employment and Wages in the United States*, by W. S. Woytinsky and Associates, was issued by Arno Press. In addition, *The Patient as Consumer: Health Care Financing in the United States*, by John Krizay and Andrew Wilson, a Twentieth Century Fund Report originally issued by Lexington Books/D.C. Heath in hardcover, was released in paperback.

A Spanish edition of the Fund condensation by Seth S. King of Gunnar Myrdal's three-volume Fund Study, *Asian Drama: An Inquiry into the Poverty of Nations*, was published by Siglo Veintiuno Editores S. A. for distribution in South America. (The original Spanish edition of this work had been published by Editorial Ariel in the previous year.) A Persian edition will be issued by Franklin Books next year. The one-volume condensation is also available in French, German, Japanese, and Italian. (The original three-volume study has also been published in Italian.) Edizioni Agricole issued an Italian edition of *From Peasant to Farmer*, by Raanan Weitz, which was first published as a Twentieth Century Fund Study in 1971 by Columbia University Press.

Current Major Fund Studies and Reports, Cloth Bound, in Print

The Changing American Voter by Norman H. Nie, Sidney Verba, and John R. Petrocik. This study, based on a comprehensive survey of American voters, documents and analyzes the dramatic changes in attitudes toward political parties, issues, and candidates since the last major work on the subject in 1952. A timely yet scholarly account, it has many significant implications for policymakers, politicians, and the public. 416 pages, May 1976, \$15 (paper, \$5.95). Publisher: Harvard University Press.

The New Economics of Growth: A Strategy for India and the Developing World by John Mellor.

Focusing on the failure of India to carry forward its economic development, the author makes a strong case for increasing investments in agriculture rather than in industry. He asserts, with a substantial amount of data to support him, that his strategy will increase the participation of the poor in the growth process and eventually lead to greater industrial production. 384 pages, April 1976, \$11.50. Publisher: Cornell University Press.

Public Employee Pension Funds by Robert Tilove. A thorough examination of the fast-growing field of public employee pension funds, this report stresses the need for sweeping reform. Mr. Tilove indicates that it is necessary to integrate public pensions with Social Security if a taxpayer revolt is to be averted. 384 pages, March 1976, \$20. Publisher: Columbia University Press.

The Patient as Consumer: Health Care Financing in the United States by John Krizay and Andrew Wilson. This analytical report on the nation's health insurance system describes the various forms of health insurance and examines their impact on the cost and quality of medical care. 229 pages, May 1974, \$11.50 (paper, \$7.95). Publisher: Lexington Books/D.C. Heath & Company.

Presidential Television by Newton N. Minow, John Bartlow Martin, and Lee M. Mitchell. This report deals with the dangers that presidential access to television poses for the nation's traditional system of checks and balances. Mr. Minow and his collaborators suggest a number of reforms to preserve constitutional balance in an era of technological change. 232 pages, November 1973, \$8.95. Publisher: Basic Books, Inc.

The Big Foundations by Waldemar A. Nielsen. This study is the first detailed examination of the nation's thirty-three largest foundations (each with assets of over \$100 million). Although it defends the idea of foundations, it criticizes the disturbing failures of these institutions and suggests ways in which they can realize their unique potential. 484 pages, October 1972, \$10.95 (paper, \$4.95). Publisher: Columbia University Press.

Constitutional Change: Amendment Politics and Supreme Court Litigation Since 1900 by Clement E. Vose. An examination of the

THE NEW YORK TIMES/MAY 10, 1976

VOTE SHIFT FOUND AWAY FROM PARTY

New Book Says Public Is
Concerned About Issues

By THOMAS P. RONAN

Three political scientists have concluded after a study of voting patterns that the American public is "more detached from political parties than at any time in the past 40 years," and is deeply dissatisfied with the political process.

Accompanying a steady erosion of allegiance to political parties, they found, has been an increasing tendency to vote on the basis of issues rather than party loyalty.

The study was conducted for the Twentieth Century Fund by Norman H. Nie, associate professor of political science at the University of Chicago; Sidney Verba, professor of government at Harvard University, and John R. Petrocik, assistant professor of political science at the University of California at Los Angeles. Their findings are disclosed in their book, "The Changing American Voter," which was published today by

THE NEW YORK TIMES/APR. 25, 1976

Stress on Heavy Industry In India Criticized in Study

The Twentieth Century Fund has reported that its research has shown that India's development strategy stressing heavy industry has led that country to "near-stagnation."

The privately financed foundation recommended that India shift goals and give priority to rural investments that would create agricultural jobs and increase food production.

The recommendations resulted from a study report written by John W. Mellor, who is chief economist for the Agency for International Development.

NEWS BRIEFS

Find Political Parties Are Turning Us Off

While American voters are "more politically aroused" than at any time in the last 40 years, they are also "more detached from political parties," a Twentieth Century Fund study published yesterday says.

The study, which involved an analysis of public-opinion data and election results from the years 1956 through 1973, also finds the typical American voter to be "deeply dissatisfied with the political process."

THE JOURNAL OF COMMERCE/NEW YORK CITY/MAR. 29, 1976

20th Century Fund Report

Total SS System Advocated

By DONALD E. CASCIATO
Journal of Commerce Staff

A Twentieth Century Fund report, scheduled for release today, by pension and actuary expert Robert Tilove, urges Congress to prevent public employees from withdrawing from the nation's Social Security system and recommends that all new public employees — federal, state and local — be included in the system.

The recommendation comes at a time in which New York City and other companies and states are considering dropping Social Security. (See related story.)

At a pre-publication press conference conducted last week at the Twentieth Century Fund's headquarters here, Mr. Tilove said that "Social Security is a sound system and should be all encompassing."

He said that "loopholes"

combined benefit package then there will be a situation where total retirement income (from public pensions and Social Security) will surpass pay before retirement.

Asked by The Journal of Commerce, if requiring all state and local governments to join the Social Security System would require a constitutional amendment, Mr. Tilove replied that the issue "is not a settled question."

Past Developments

He cited past developments like the minimum wage law as an example of a federal mandate over states which did not require a Constitutional amendment.

The pension expert said he believes that nearly 10 million state and local government employees will soon confront a situation in which the public will either

If retirement income is not increased, then for additional retirement benefits, policy "indication" Tilove.

Mr. Tilove supported Twentieth Century Fund research to undertake studies of local, and issues.

Mr. Tilove traces the public employee plans and rationale for our benefit state and

According to "the benefit public plans proximate prevailing industry." (public employee contribution pension plan)

20th Century report studies presidential TV

The access to television uniquely open to the President threatens to undermine the traditional Constitutional system of checks and balances in government, according to a new Twentieth Century Fund report, entitled "Presidential Television," released today. The report was written by Newton N. Minow, John Bartlow Martin and Lee M. Mitchell.

Presidential television, say the authors, has also put opposition parties and viewpoints at a serious disadvantage in reaching the public.

Minow, who was chairman of the Federal Communications Commission under President Kennedy, and his collaborators observe that because the President can make news and draw attention to himself, he always has had an advantage over his opposition in influencing public opinion.

Presidential television, the report adds, has enormously

and the authors believe that the frequent use of the president serves the public interest. But the lack of access for Congress and the judiciary as well as television, the authors claim, creates an imbalance. A practical effect of amending the Constitution to restore the nation's political system. They put forward a series of detailed reforms to restore the balance.

Among the highlights:

CONGRESS: Congress should permit television on the floor of the House and Senate for the biennially scheduled prime-time evening session. The most important matters before it each term are broadcast, and voted on. These broadcasts should be subject to the "equal time" law and the fairness and

The Patient as Consumer Health Care Financing in the U. S.

By John Krizay and Andrew Wilson; A Twentieth Century Fund Report published by Lexington Books, D. C. Heath & Co., Lexington, Mass., 256 pages, \$11.50.

Reviewed by MAL SCHECHTER

At a press briefing by the Twentieth Century Fund, which financed the fieldwork and publication of this study, coauthor John Krizay explained that he encountered the health system most acutely through the enormous medical costs of his wife's illnesses, which sensitized him to the consumer aspects of the health care system. (For evidence that it is not a "nonsystem," take Blue Cross President Walter McMerney's observation: "If you don't think there is a health system, just try to change it.") Mr. Krizay labored with his colleague and seven others to produce, after six man-years of research, a book marked by the dispassion of a foreign service officer appraising a foreign government. (In this context it may be relevant that Mr. Krizay is Director of the Office of Monetary Affairs, U. S. State Department, while coauthor Andrew Wilson

Research Study Calls Big U.S. Foundations 'Passive, Conservative'

* * *

The Twentieth Century Fund
Report Finds Controversial,
Innovative Giving Is Rare

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—The nation's most prominent foundations shun controversy and fail to promote social change through innovative grants, a foundation-sponsored research study charges.

The large foundations are "overwhelmingly passive, conservative and anchored to the status quo," writes Waldemar A. Nielsen, the study's author and a former Ford Foundation official. "The vast majority avoid taking any risk and even the most activist venture forth only hesitantly and infrequently."

The two-year study, sponsored by the Twentieth Century Fund, itself a foundation with \$26 million in assets, covered 33 foundations with \$100 million, or more, in assets. The 33 included almost every nationally known founda-

historical development of the Constitution, this work looks to the future of constitutional reform, providing a penetrating analysis of the political and social aspects of constitutional amendments and Supreme Court decisions: 446 pages, July 1972, \$15. Publisher: Lexington Books/D.C. Heath & Company.

Asian Drama: An Inquiry into the Poverty of Nations by Gunnar Myrdal (abridged). Seth S. King's condensed version of Myrdal's three-volume Fund study contains the essence of the original analysis of the institutional attitudes and conditions—economic, social, and political—affecting development in South Asia. 464 pages, January 1972, \$10 (paper, \$2.45). Publisher: Pantheon. Available in French, German, Italian, Japanese, Persian, and Spanish translations.

The Alliance That Lost Its Way: A Critical Report on the Alliance for Progress by Jerome Levinson and Juan de Onis. This study is widely recognized as the most useful and wide-ranging critique of the programs begun under the Kennedy administration to strengthen the economies and governments of Latin America. 383 pages, November 1970, \$7.95 (paper, \$2.95). Publisher: Quadrangle Books. Available in Spanish translation.

Current Fund Paperbacks in Print

Law Enforcement: The Federal Role. This Task Force report evaluates the performance of the Law Enforcement Assistance Administration (LEAA). An independent group of law enforcement experts recommends that LEAA's regional bureaucracy be dismantled and that the agency's focus be shifted to criminal justice research, experimentation, and program evaluation. 145 pages, May 1976, \$3.95 (cloth, \$6.95). Publisher: McGraw-Hill Book Company.

Fair and Certain Punishment. This Task Force report examines the inequities in the present system of sentencing that result in widely disparate prison terms (or none at all) for those convicted of somewhat similar crimes. The report also presents a detailed plan for a new approach to sentencing that would systematize the considerations involved in the sentencing decision and make the decisions fairer to both the individual prisoner and the public. 142 pages, April 1976, \$3.95 (cloth, \$6.95). Publisher: McGraw-Hill Book Company.

Rights in Conflict. This Task Force report finds that court-imposed restraints on journalists "constitute a growing threat to freedom of the press" and recommends measures designed to protect the rights of the defendants without impairing press freedoms. The report is accompanied by a comprehensive background paper on conflicts between the press and the judiciary. 112 pages, March 1976, \$3.95 (cloth, \$6.95). Publisher: McGraw-Hill Book Company.

Conflicts of Interest: Investment Banking by Nicholas Wolfson. The inherent conflicts of interest in underwriting—the marketing of new issues of corporate securities—are examined by a legal scholar formerly with the Securities and Exchange Commission. The report analyzes a variety of conflicts, real and potential, that confront investment bankers in pricing and selling new issues, as well as in merger situations, and then makes a number of recommendations designed to curb or limit abuse. 99 pages, February 1976, single copies free.

Paying for Energy. This Task Force report explores ways of preventing further disruption of world economic and trade relations as a result of much higher priced oil. The report concludes that major oil-importing countries must expand their own oil and gas production and explore new energy sources. 136 pages, December 1975, \$3.95 (cloth, \$6.95). Publisher: McGraw-Hill Book Company.

Funds for the Future. This Task Force report investigates the critical financial situation faced by independent institutions of higher learning and examines a wide range of university investment procedures. The report recommends a series of measures to build endowments and improve endowment performance as a means of assuring the survival and strength of private colleges and universities. 206 pages, November 1975, \$4.50 (cloth, \$7.95). Publisher: McGraw-Hill Book Company.

American Trade Policy: A New Round by Gordon L. Weil. This is an examination of the current international trade negotiations in light of the Trade Act of 1974; the challenge posed by OPEC; and the evolving trade position of the United States, the Common Market, and developing countries. It emphasizes that dealing with nontariff barriers to and distortions of trade—the primary focus in the current

negotiations—is far more complex than negotiations on tariffs and offers policy recommendations. 78 pages, September 1975, single copies free.

Those Who Served. This Task Force report recommends maintenance of existing special programs for veterans until general social welfare measures, such as Social Security, a national medical program, and other services, provide equal or better benefits. It calls on the federal government to provide employment for all Vietnam-era veterans who are willing to work but cannot find jobs. 134 pages, December 1974, \$3. Publisher: Kraus Reprint Company.

Easy Money. This Task Force report examines the increasing resort to legalized gambling by state and local governments as a means of increasing revenue and combating organized crime. Concluding that the major benefits claimed for legalized gambling are illusory, the report states that legal gambling cannot be counted on either to raise public revenues or to reduce organized crime. 88 pages, November 1974, \$3. Publisher: Kraus Reprint Company.

Openly Arrived At. This Task Force report argues that if Congress is to flourish as an effective branch of government it must recognize and adapt to the electronic age by allowing television and radio coverage of all public sessions of the U. S. Senate and House of Representatives. 104 pages, October 1974, single copies free.

The Rating Game. This Task Force report recommends the establishment of an independent nonprofit information center to compile and publish reports on the fiscal conditions of state and local government borrowers. The accompanying background paper provides a comprehensive survey of the tax-exempt market. 161 pages, April 1974, single copies free.

A Free and Responsive Press. This Task Force report urges the establishment of an independent National News Council to hear complaints from the press and the public on questions of accuracy, fairness, access, and government interference, as well as to study and report on issues involving freedom of the press. The background paper traces the development of the British press council and of state and local press councils in the United States. 88 pages, February 1973, \$3. Publisher: Kraus Reprint Company.

Press Freedoms Under Pressure. This Task Force report studies governmental pressure against the press through subpoenas, censorship, and legislation. The background paper provides a survey of various forms of such pressure. The appendices present a list of state shield laws currently in effect, the Department of Justice guidelines for subpoenas to the news media, and Supreme Court opinions in the Pentagon Papers case. 193 pages, May 1972, single copies free.

Books Issued by Other Publishers

Jails: The Ultimate Ghetto of the Criminal Justice System by Ronald Goldfarb. The conditions facing inmates of pretrial detention centers are the subject of this searching examination. Special attention is paid to issues such as alcoholism and narcotics addiction, jailed juveniles, and the growing politicization of jail inmates. 480 pages, April 1975, \$9.95. Publisher: Anchor Press/Doubleday.

The New Yorkers: A Profile of an American Metropolis by Andrew Hacker. An examination of the diverse groups making up New York City's population and their attitudes toward politics, crime, schooling, and welfare. 182 pages, April 1975, \$10. Publisher: Mason/Charter.

Exploitation from 9 to 5. This Task Force report examines the status and problems of working women, analyzes sex discrimination in the labor market, and presents recommendations aimed at improving the position of women in American society. 224 pages, January 1975, \$13.50. Publisher: Lexington Books/D.C. Heath & Company.

Energy: The New Era by S. David Freeman. A comprehensive guide through the maze of information and misinformation surrounding the energy crisis, this book offers a clear explanation of how the crisis developed and what should be done about it. 386 pages, May 1974, \$14.50. Publisher: Walker and Company. (Paper, \$2.45. Publisher: Vintage Books/Random House.)

Families of Eden: Communes and the New Anarchism by Judson Jerome. This combination of research and firsthand experience comments on the economics, communications, political structures, and dynamics of growth in the commune movement. 271 pages, May 1974, \$7.95. Publisher: The Seabury Press, Inc.

POST-DISPATCH/ST. LOUIS, MO./MAY 12, 1976

Second Call For End Of Law Enforcement

NEW YORK, May 12 (AP) — The federal Law Enforcement Assistance Administration is a failure and should be abolished, the Twentieth Century Fund says.

On Monday, the Center for National Security Studies also recommended abolition of the agency saying it had failed to reduce crime significantly. The agency was established to channel funds to state and local law-enforcement agencies.

The Twentieth Century Fund study group, headed by former Gov. Linwood Holton of Virginia, said in its report issued yesterday that the federal agency had for the last seven years "pursued the mirage of crime reduction" while failing to improve the criminal justice system, something it was supposed to do.

"State and local criminal justice systems remain as fragmented as ever" the

study group said. "The courts are overloaded; jails are still grossly overcrowded; presecutorial offices are generally underfunded; and sentencing and prosecutive procedures and decisions remain arbitrary and unco-ordinated.

"Nor do we know any more about the causes of crime than we did in 1969 when LEAA came into being."

The study group urged Congress to renew the Law Enforcement Assi-

JOURNAL-CONSTITUTION/ATLANTA, GA./APR. 14, 1976

Task Force Hits Criminal Sentencing

NEW YORK (AP) — The major flaw in the nation's system of justice is "the capricious and arbitrary nature of criminal sentencing," according to a Twentieth Century Fund task force report.

In a 142-page report, the task force called for replacing the indeterminate sentences,

which give judges and parole officers great discretion, with a system of fixed sentences determined by legislatures. Such a system would also provide pre-determined variations for mitigating and aggravating factors.

"The indeterminate sentence was a noble experiment,

but it simply has not worked," said Professor Alan M. Der-showitz of the Harvard Law School.

The group said "the area of discretion allocated to and exercised by sentencing judges and parole boards should be considerably narrowed."

The task force, chaired by former U.S. Gov. Edmund G. Bricker, also recommended abolishing concurrent sentencing for several crimes, but finding would probably be a net effect plea bargaining.

"By failing to adopt either equitable or si-

AMERICAN BANKER/NEW YORK CITY/FEB. 9, 1976

Steps to Curb Conflicts for Corporate Securities Underwriters Asked in 20th Century Fund Study

NEW YORK. — A report published by the Twentieth Century Fund on conflicts of interest in investment banking calls for new measures to lessen conflicts facing underwriters of corporate securities.

Nicholas Wolfson is author of the report, fifth in a series on conflicts in the securities markets, sponsored by the fund.

"The present system of underwriting securities has worked reasonably well," Mr. Wolfson says. "But because of inherent conflicts of interest, there remain many faults."

Mr. Wolfson is a professor at the University of Connecticut Law School, in the areas of securities regulation, business organization and business planning. He previously was assistant director of what was then the division of trading and markets, Securities and Exchange Commission.

He points out that although an investment banking firm's corporate clients want their new issues to be sold at the highest possible price, the firm's investment clients want to buy the securities

at the lowest possible price.

Mr. Wolfson cites evidence issues often have appreciated less than comparable securities points out that commissions on issues are normally several times those on outstanding securities that underwriters are often to take their retail clients' stock of a corporation that is of the firm.

According to Mr. Wolfson, "serious questions of whether investment bankers have, indeed, their securities fairly."

His report examines the behavior of investment banking firms in situations, such as merger negotiations, which present potential conflicts.

To limit the abuses that result from such conflicts, he proposes other recommendations, giving legal responsibility on behalf of corporate shareholders to directors and developing a code of ethics for bankers in merger situations.

Mr. Wolfson opposes suggestions

THE WALL STREET JOURNAL/DEC. 16, 1975

Oil Consumers Show 'New Complacency,' Task Force Reports

Twentieth Century Fund Says Nations Haven't Yet Felt Full Impact of High Costs.

By a WALL STREET JOURNAL Staff Reporter

NEW YORK — A Twentieth Century Fund task force found that the full impact of the higher cost of imported oil is yet to be felt by the oil-importing countries.

The task force, which released a report yesterday on what it called "the international oil crisis," expressed concern about the "new complacency" over energy problems.

To date, the task force said, "less than half of the money and other claims transferred to the oil producers" by the oil-im-

Broadcast Journalism

Study group offers plan for broadcast access to Congress

Twentieth Century Fund task force proposes that CPB key full coverage of all public sessions with networks retaining option as to amount used

An independent task force of the Twentieth Century Fund recommended last week that all public sessions of the U.S. Senate and House of Representatives be open to gavel-to-gavel coverage by television and radio, with broadcasters free to decide how much or how little coverage they would carry.

The recommendations in most respects parallel those of the Joint Committee on Congressional Operations which advised in a report (BROADCASTING, Oct. 14) that Congress set up a continuous live

'Easy Money'

New Jersey voters who may be tempted Tuesday to support a constitutional amendment legalizing casino gambling in their state should first consider a report just issued by a task force on gambling sponsored by the Fund for the City of New York and the Twentieth Century Fund.

Proponents of the amendment claim that casinos would yield millions in additional state revenues, easing the pressure for additional taxes. The task force study, pointedly entitled "Easy Money," concludes that such legalized gambling "will produce relatively small amounts of revenue, and will raise it from the wrong people in the wrong way."

Promoters argue that casinos can revitalize economically depressed resort areas, such as Atlantic City, where the first casino operations are planned. The task force warns that "there is substantial evidence that this kind of development is purchased at high cost."

Part of the price New Jersey may expect to pay for legalizing casino gambling according to the state's tax



In The Market

By Ross M. Dick, Journal Business Editor



Conflict of interest — what it may be, who it affects, and what might be done about it — are the subject of two reports released over the weekend.

The reports will stir up fresh debate at a variety of levels: government, corporate management, banking and investment banking, union leadership.

Less informed about conflict of interest, but possibly most affected by it, are corporate employees, union members, and thousands of individuals whose affairs are managed by bank trust departments or companies. Combined, they total millions of persons.

Twentieth Century Fund, a New York based, nonprofit research foundation established in 1919, is the issuer of the reports. They are: "Conflicts of Interest, Corporate Pension Fund Asset Management" (60 pages) and "Conflicts of Interest: Commercial Bank Trust Departments" (166 pages). They are the first two of a series on conflicts of interest that Twentieth Century Fund is sponsoring.



Ross M. Dick

Restrictions on th

THE TWENTIETH Century Fund, an independent research organization engaged in policy studies, has long been concerned about the balances between America's free press and the rights of individuals and institutions.

In 1967 the Fund study "Crime and Publicity" found reason to believe that the press was losing ground in its efforts to cover the courts. Another study issued last week, "Rights in Conflict," concluded that the restraints courts are imposing on the media are "a growing threat to freedom of the press."

Four major problems concerned authors of the study. More and more judges are forbidding the publication of news gathered outside the courthouse, excluding the press from court proceedings or forbidding reporting of trials and imposing gag orders on participants in trials. They also believe that the press lacks a method to appeal arbi-

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Quite apa citizens' rig Amendment adversary A tice is fair t and that no vindictive—trial.

The Twen cludes its n press and co that "court

A Constant Quantity of Tears: Planning and Budgeting in Poor Countries by Naomi Caiden and Aaron Wildavsky. This study is a critical examination of the planning and budgeting processes of governments of poor countries throughout the world, recommending reforms to make the most of limited resources. 371 pages, February 1974, \$14.95. Publisher: Wiley-Interscience.

The World of Fanzines by Frederic Wertham, M. D. This study by a noted psychiatrist examines illustrated publications issued and written by young people, which reflect their perceptions of our society. 144 pages, November 1973, \$10. Publisher: Southern Illinois University Press.

THE NEW YORK TIMES/DEC. 16, 1975/"Market Forces . . ."
ALABAMA JOURNAL/MONTGOMERY, ALA./APR. 5, 1975/"Free Press . . ."
PENSIONS AND INVESTMENTS/DEC. 8, 1975/"20th Century . . ."
TIMES/HARTFORD, CONN./JAN. 23, 1976/"Pension fund . . ."
POST/WASH., D.C./AUG. 25, 1975/"Broker-Dealer . . ."

Free Press-Fair Trial

THE TWENTIETH Century Fund, an independent research organization engaged in policy studies, has long been concerned about the balances between America's free press and the rights of individuals and institutions.

Recent studies by the Fund concluded that the restraints courts are imposing on the media are "a growing threat to freedom of the press." Four major problems concerned authors of the study. More and more judges are forbidding the publication of news gathered outside the courtroom, excluding the press from court proceedings or forbidding reporting of trials and imposing gag orders on participants in trials.

They also believe that the press lacks a right to appeal judicial arbitrariness.

of the Pentagon Papers was restrained temporarily while the court considered the government's suit.

No more 'wine and roses'

20th Century study prods private school

NEW YORK—Private universities and colleges should not consistently spend more than 5% of the total market value of the endowment annually, according to a special study task force of the 20th Century Fund here.

The task force, in a report on college and university

MARKET FORCES IN OIL ARE BACKED

Task Force Warns Against OPEC Price Negotiations

By WILLIAM D. SMITH

Market pressure created by increased oil and gas production, rather than direct negotiations with the Organization of Petroleum Exporting Countries, is the best way to lower energy costs, according to a task force study released yesterday by the Twentieth Century Fund.

The high level task force

• The trustees should require and approve a written set of objectives for the endowment and assure themselves, at regular intervals, that these objectives remain valid and are being pursued. These objectives should incorporate detailed and specific expected return figures and limit risk and volatility.

• While the task force believes that over the long run equities and equity-related investments could provide greater returns on a risk-adjusted basis than bonds or other income investments, it

Pension fund investments

Hartford city officials who recently supported the move to invest employee pension funds at lower interest rates to support a minority bank should be encouraged to read "Conflicts of Interest: State and Local Pension Fund Asset Management."

Mr. Kohlmeier said that "the most important action that most public fund trustees should

Merrill Lynch Is Target

Broker-Dealer Firms' Con

The report, written by Pulitzer Prize-winning journalist Louis M. Kohlmeier, was prepared for the prestigious Twentieth Century Fund in view of the recent use of employee pension fund money invested in high risk New York City securities.

By Jack Egan
Washington Post Staff Writer
Conflicts of interest within broker-dealer firms are built in under the present organization of the nation's financial markets, a new Twentieth Century Fund study on the subject concludes.

Dealer Firms," is the latest in a series of studies commissioned by the Twentieth Century Fund to examine conflict situations in American financial institutions. It is written by the well-known author, Martin Mayer.

Mayer focuses particularly on the conflict inherent in brokerage functions—Merrill Lynch, most in the case of now Stirling Homex Corporation is moving toward the union of the two services. But he needles the indirect way it

Grants

The Fund, an operating foundation under the Tax Reform Act of 1969, devotes almost all of its resources to its own research program. However, from time to time, it makes grants, usually in connection with its own research activity or as expressions of a sense of responsibility to the community. In 1976, as in each of the past few years, the Fund made two such grants.

National News Council

The Fund, which joined with a consortium of other foundations in supporting the Council for its first three years of operation, elected to renew its support for three more years, provided that the Council would agree to comply with the recommendations of an independent evaluation committee for strengthening its finances and membership. Subsequently, the Council announced that it would comply with these recommendations; the Fund has arranged to make a grant of \$100,000 available to the Council in fiscal 1977.

New York City

In 1967, the Fund made the first of its annual grants to the City of New York in recognition of the municipal services—police and fire protection and garbage disposal—provided it free of charge as a tax-exempt property owner. In fiscal 1976, the Board of Trustees approved a \$20,000 grant to the city, twice the sum of the original grant. Over the ten-year period, the Fund has contributed \$116,500 to the city and has continued to urge other property-owning foundations to make similar payments.

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Task Force on the International Oil Crisis (1974)

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Task Force on Criminal Sentencing (1975)

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Detroit, Michigan

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Task Force on the Municipal Bond Market (1976)

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**Task Force on the Law Enforcement
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Quinn Tamm
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International Association of Chiefs of
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Visiting Scholar, Russell Sage
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**Task Force on United States
Energy Policy (1976)**

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John R. Meyer
Professor of Economics, Harvard
University, President, National Bureau
of Economic Research

Vincent O'Reilly
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International Brotherhood of Electrical
Workers, AFL-CIO

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Commerce Bancshares, Inc.

John S. Samuels III
Chairman of the Board, Carbomin
International Corporation

Francis W. Sargent
Former Governor of Massachusetts

Rapporteur:
Richard B. Mancke
Fletcher School of Law, Tufts University

Auditor's Report

August 26, 1976

The Board of Trustees
Twentieth Century Fund, Inc.
New York, New York

We have examined the balance sheet of Twentieth Century Fund, Inc. (a Massachusetts not-for-profit corporation) as of June 30, 1976, the related statement of income, expenses, and changes in Fund balances and the additional financial information presented in the attached schedules for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Investments held at June 30, 1976 were confirmed to us by the Fund's custodian.

In our opinion, the aforementioned financial statements present fairly the financial position of Twentieth Century Fund, Inc., at June 30, 1976, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements for the year ended June 30, 1975 were examined by other independent certified public accountants.

Touche Ross & Co.

Finances

Twentieth Century Fund, Inc.

Balance Sheet

June 30, 1976 and 1975

Assets

	1976	1975
Cash	\$ 28,281	\$ 77,887
Accrued Interest and Dividends Receivable	210,761	188,058
Accounts Receivable and Prepaid Expenses	21,378	24,973
Investments, at cost (quoted market, \$28,022,547 in 1976 and \$26,295,273 in 1975) (Schedule 3)	20,833,932	21,331,874
Fixed Assets, at cost, net of accumulated depreciation of \$207,764 in 1976 and \$189,063 in 1975 (Note 1)	361,269	358,970
<i>Total Assets</i>	\$21,455,621	\$21,981,762

Liabilities and Fund Balances

Liabilities:

Accounts Payable and Accrued Liabilities	\$ 38,215	\$ 52,701
Federal Excise Tax Payable (Note 4)	50,824	55,569
<i>Total Liabilities</i>	\$ 89,039	\$ 108,270

Fund Balances (Note 1):

General Fund—		
Appropriated for research projects (Schedule 2)	\$ 1,488,235	\$ 1,563,681
Appropriated for special projects (Schedule 2)	100,000	100,000
Net investment in fixed assets	361,269	358,970
Available for investment and future projects	17,646,989	18,075,089
<i>Total General Fund</i>	\$19,596,493	\$20,097,740
1922 Endowment Fund	1,770,089	1,775,752
<i>Total Fund Balances</i>	\$21,366,582	\$21,873,492
<i>Total Liabilities and Fund Balances</i>	\$21,455,621	\$21,981,762

See notes to financial statements.

Twentieth Century Fund, Inc.
Statement of Income, Expenses, and Changes in Fund Balances
 For the years ended June 30, 1976 and 1975

General Fund

	1976	1975
<i>Income from Operations:</i>		
Interest	\$ 604,137	\$ 666,876
Dividends	673,878	655,452
Royalties on sale of publications	25,039	19,265
Other	2,971	4,419
<i>Total Income</i>	\$ 1,306,025	\$ 1,346,012
<i>Expenses:</i>		
Operations (Schedule 1)—		
Research projects	\$ 1,205,404	\$ 1,063,659
Special projects	100,000	100,000
Publications	289,024	265,203
Management and general	210,853	215,845
<i>Total Operations</i>	\$ 1,805,281	\$ 1,644,707
Governmental payments—		
Federal excise tax (Note 4)	\$ 43,880	\$ 49,970
Payment to New York City in recognition of municipal services	20,000	15,000
<i>Total Expenses</i>	\$ 1,869,161	\$ 1,709,677
Excess of expenses over income from operations	\$ (563,136)	\$ (363,665)
Realized net gain on investment transactions	102,503	299,183
Transferred to 1922 Endowment Fund	(40,614)	—
Decrease in Fund Balance	\$ (501,247)	\$ (64,482)
Fund Balance, beginning of year	20,097,740	20,162,222
<i>Fund Balance, end of year</i>	\$19,596,493	\$20,097,740
1922 Endowment Fund (Note 3)		
Fund Balance, beginning of year	\$ 1,775,752	\$ 1,775,752
Realized net loss on investment transactions (Note 1)	(46,277)	—
Transferred from General Fund	40,614	—
<i>Fund Balance, end of year</i>	\$ 1,770,089	\$ 1,775,752

See notes to financial statements.

Twentieth Century Fund, Inc.
Notes to Financial Statements
 June 30, 1976 and 1975

(1) *Accounting policies:*

Accounting for research projects—

The cost of research projects is recognized as incurred. Unexpended appropriations for projects in process at year-end are reported as reservations of the General Fund balance.

Fixed asset accounting—

Major fixed asset additions are capitalized and depreciated over their estimated useful lives. Fixed assets and the related accumulated depreciation at June 30, 1976 are summarized as follows:

	Cost	Accumulated Straight-Line Depreciation	Estimated Useful Lives
Land	\$125,000	\$ —	—
Building	175,000	85,312	40 years
Building Improvements	223,918	96,237	40 years
Accounting Machine	24,115	24,115	4 years
Duplicating Machine	21,000	2,100	5 years
<i>Total Cost and Depreciation</i>	\$569,033	\$207,764	

(2) *Employee benefits:*

Retirement benefits for substantially all employees are provided through defined contributions by the Fund for the purchase of individual annuity contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund. The cost of the plan, which is funded currently, approximated \$42,000 and \$33,000 for the years ended June 30, 1976 and 1975, respectively. There is no unfunded prior service cost as of June 30, 1976.

(3) *Endowment interest and dividend income:*

Interest and dividends earned on 1922 Endowment Fund investments are recorded directly in the General Fund and are available for program use.

(4) *Tax status:*

The Twentieth Century Fund is a research foundation engaged in the study of cultural, economic, and social issues and institutions. The Fund is exempt from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code and has been classified as a private operating foundation.

Twentieth Century Fund, Inc.
Statement of Operating Expenses by Function
 For the year ended June 30, 1976 with
 Comparative Totals for 1975

Expenses	1976					1975	
	Research Projects	Special Projects	Publica- tions	Manage- ment and General	Total	Total	Total
<i>Direct Expenses:</i>							
Salaries, consultant fees, travel, etc. (Schedule 2)	\$ 820,482	\$ -	\$ -	\$ -	\$ 820,482	\$ 754,245	\$ 754,245
Grants to other organizations (Schedule 2)	-	100,000	-	-	100,000	100,000	100,000
Publications-printing, storage, etc.	-	-	62,403	-	62,403	59,683	59,683
Public information-annual report, newsletter, press conferences, etc.	-	-	-	32,713	32,713	25,710	25,710
<i>Headquarters' Expenses:</i>							
Salaries, wages, and related costs (Note 2)	291,731	-	181,605	115,215	588,551	515,963	515,963
Office equipment and supplies	15,255	-	8,498	5,407	29,160	32,962	32,962
Maintenance and repair of building	18,359	-	13,171	8,382	39,912	36,392	36,392
Professional fees	-	-	-	31,409	31,409	35,996	35,996
Meetings and conferences	32,596	-	7,422	4,723	44,741	33,331	33,331
Telephone and telegraph	15,781	-	7,891	7,891	31,563	26,452	26,452
Depreciation (Note 1)	8,603	-	6,171	3,927	18,701	16,601	16,601
Other	2,597	-	1,863	1,186	5,646	7,372	7,372
Total Operating Expenses	\$1,205,404	\$100,000	\$289,024	\$210,853	\$1,805,281	\$1,644,707	\$1,644,707

See notes to financial statements.

Twentieth Century Fund, Inc.
Statement of Project Appropriations
 For the year ended June 30, 1976

Schedule 2

Title of Project and Project Director	Total Project Appropriation June 30, 1976	Appropriated Balance		Activity for the Year		Appropriated Balance June 30, 1976
		June 30, 1975	June 30, 1976	Net Appropriations	Expenses	
<i>Research Projects:</i>						
American Appellate Judges, D. J. Meador	\$ 52,300	\$ -	\$ 52,300	\$ 10,388	\$ 10,388	\$ 41,912
American Art Museum: A Troubled Cloister, K.E. Meyer	69,750	45,359	-	34,713	34,713	10,646
American Policy Toward the Arab-Israeli Dispute, S. Spiegel	67,600	14,358	-	13,253	13,253	1,105
Application of First Amendment Principles to Broadcasting, A. Kramer	29,250	5,369	(3,002)	2,367	2,367	-
Arms Races and Arms Control, C. Fairbanks	54,900	-	54,900	2,504	2,504	52,396
Big City Mayors, R. Murphy	41,450	16,789	-	524	524	16,265
Black Middle Class, L. B. Landry	106,640	82,045	21,000	42,256	42,256	60,789
Changing Role of the Individual Investor, M. Blume, I. Friend	151,862	104,532	-	84,167	84,167	20,365
Changing Role of Women in Politics, J. Kirkpatrick, W. Miller	140,405	31,092	(151)	30,941	30,941	-
College & University Endowment Policy, Task Force	27,750	2,008	6,235	8,243	8,243	-
Computers, Information Processing, & Privacy, H. Latin	8,300	300	(300)	-	-	-
Conflicts of Interest, Steering Committee	160,000	56,590	-	4,581	4,581	52,009
Consensus and Divergence in American Values and Attitudes, H. McClosky	104,610	-	104,610	2,410	2,410	102,200
Control of the Large Corporation, E. S. Herman	49,811	-	49,811	9,427	9,427	40,384
Criminal Sentencing, Task Force	27,500	18,587	(1,317)	17,270	17,270	-
Desegregation & Integration of Public Schools, R. McKay	49,850	39,297	-	10,227	10,227	29,070
Economic Problems of the Cable TV Industry, Conference	7,500	2,971	(3,221)	(250)	(250)	-
Economics of the Daily Press, J. Rosse	66,100	66,100	-	39,481	39,481	26,619
Education & Labor Market Discrimination, R. Freeman	64,600	26,521	-	-	-	26,521
Evaluation of Judicial Performance, A. Rosett	62,300	-	62,300	6,596	6,596	55,704
Federal Power & State Priorities, P. Passell, L. Ross	87,700	14,971	-	3,394	3,394	11,577
Finance in Developing Economies, M. Long, F. Veneroso	120,716	-	120,716	-	-	120,716
Financial Instability and Economic Policy, H. Minsky	41,400	28,669	-	16,021	16,021	12,648
Future of New York City	24,000	-	24,000	2,947	2,947	21,053
Higher Education, Exploration	10,000	10,000	(10,000)	-	-	-
Indirect Subsidies to the Arts, M. O'Hare	60,733	-	60,733	11	11	60,722

(Continued on following page)

Statement of Project Appropriations, continued

Schedule 2

Title of Project and Project Director	Total Project Appropriation June 30, 1976	Appropriated Balance June 30, 1975	Activity for the Year		Appropriated Balance June 30, 1976
			Appropriations	Expenses	
Inequality in the Affluent Society, F. Hirsch	\$ 93,500	\$ 20,226	\$ (15,047)	\$ 5,179	\$ -
Information, National Security, & Constitutional Pro- cedures, M. Halperin	99,650	1,702	1,448	3,150	-
International Oil Crisis, Financing Prices, & Supply, Task Force	28,550	16,953	(10,043)	6,910	-
Japan & the World Economy, H. Patrick, G. Saxonhouse	101,750	25,611	-	1,134	24,477
Judicial Conference, Exploration	10,000	8,707	-	5,410	3,297
Jury Selection Procedure in the U.S., J. Van Dyke	35,000	4,739	(4,274)	465	-
Justice, Publicity, & the First Amendment, Task Force	28,500	9,033	(3,138)	5,895	-
Large-Scale Public Support of the Arts, D. Netzer	32,900	21,222	-	9,112	12,110
Law Enforcement Assistance Administration, Task Force	35,000	-	30,741	30,741	-
Municipal Bond Market, Task Force	30,000	-	30,000	17,968	12,032
Nationalization of U.S. Enterprises in Latin America, P. E. Sigmund	64,215	64,215	-	30,135	34,080
Offset Policies, G. Treverton	8,350	207	(207)	-	-
Open Spaces in the Inner City, A. Heckscher	199,920	65,965	-	51,255	14,710
Planning & Politics of Low-Income Housing, A. Polikoff	36,300	2,430	-	1,022	1,408
Police and Their Informants, C. Klockars	98,118	-	98,118	3,423	94,695
Political Polarization & Participation, N. Nie, S. Verba J. Petrocik	158,176	8,704	(2,902)	5,802	-
Political Surveillance in the U.S., R. E. Morgan	49,500	49,500	-	19,125	30,375

Statement of Project Appropriations, continued

Schedule 2

Title of Project and Project Director	Total Project	Activity for the Year		Appropriated Balance June 30, 1976
	Appropriation June 30, 1976	Appropriations	Expenses	
Politicization in the U.N. System, D. Partan	\$ 56,400	\$ 56,400	\$ -	\$ 56,400
Politics of Land-Use Reform, F. J. Popper	70,200	-	25,910	44,118
Postwar International Monetary Experience, M. Gilbert	146,500	-	-	146,500
Private Charities in the U.S., W. Shapiro	72,350	-	15,873	17,414
Public Authorities, A. Walsh	135,100	97	-	-
Public Defender Systems, R. Hermann, E. Single	138,500	-	61,069	17,010
Soviet-American Economic Relations, F. Holzman	77,100	-	8,273	34,641
Taiwan-U.S. Relations with China & Japan, R. Clough	79,700	-	36,411	43,289
Trade Policy: A New Round, G. Weil	6,000	229	3,729	-
U.S. Biomedical Research Strategy, S. P. Strickland	86,150	-	35,457	44,213
U.S. Energy Policy, Task Force	25,000	25,000	13,225	11,775
U.S. Policy Toward the Caribbean, J. B. Martin	117,000	-	35,443	25,114
Wholesale News: The Wire Services, E. Epstein	127,700	-	46,895	57,876
<i>Total Research Projects</i>	\$3,934,156	\$745,036	\$820,482	\$1,488,235
<i>Special Projects:</i>				
National News Council	\$ 400,000	\$ 100,000	\$ 100,000	\$ 100,000
<i>Total Research and Special Projects</i>	\$4,334,156	\$845,036	\$920,482	\$1,588,235

See notes to financial statements.

Twentieth Century Fund, Inc.
Statement of Investments
 June 30, 1976

Summary**Schedule 3**

Description	Cost			Quoted Market
	1922 Endowment Fund	General Fund	Total	
Commercial Paper	\$ 100,000	\$ 1,050,000	\$ 1,150,000	\$ 1,150,000
Notes	650,625	2,724,693	3,375,318	3,363,225
Bonds	942,654	2,163,803	3,106,457	3,021,500
Common Stocks	75,896	13,126,261	13,202,157	20,487,822
<i>Total Investments</i>	\$1,769,175	\$19,064,757	\$20,833,932	\$28,022,547

See notes to financial statements.

Twentieth Century Fund, Inc.
Statement of Investments, continued

Schedule 3

Description	Principal Amount	Cost	Quoted Market
<i>Commercial Paper:</i>			
U.S. Steel Credit Corp. 5.125% 7/14/76	\$ 350,000	\$ 350,000	\$ 350,000
American Express Credit Corp. 4.5% 7/21/76 .	550,000	550,000	550,000
Ford Motor Credit Co. 5.25% 7/26/76	100,000	100,000	100,000
General Electric Credit Corp. 5.25% 7/29/76 ...	150,000	150,000	150,000
<i>Total Commercial Paper</i>	\$1,150,000	\$1,150,000	\$1,150,000
<i>Notes:</i>			
American Express Credit Corp. 6.5% 1977	\$ 100,000	\$ 100,000	\$ 99,000
BankAmerica Corp. 6.625% 1980	200,000	199,120	192,000
Chemical N.Y. Corp. 6.625% 1980	100,000	99,430	95,250
Citicorp. 9.7% (a) 1989	500,000	496,875	498,750
Federal National Mortgage Association 7.5% 1976	300,000	299,188	301,800
Federal National Mortgage Association 7.65% 1985	125,000	123,438	121,450
First Chicago Corp. 6.75% 1980	100,000	99,250	95,000
National Bank of Detroit 6.875% 1979	100,000	100,000	96,250
New England Telephone & Telegraph Co. 6.5% 1979	100,000	100,000	97,000
New York Bank for Savings 10% (a) 1981	200,000	209,000	200,500
Standard Oil Co. (Indiana) 9.2% 2004	250,000	254,063	261,250
Standard Oil Co. (Indiana) 9.7% (a) 1989	250,000	250,625	250,625
U.S. Treasury 7.5% 1976	600,000	599,688	603,600
U.S. Treasury 6.5% 1976	350,000	344,641	351,750
U.S. Leasing Corp. 7.65% 1977	100,000	100,000	99,000
<i>Total Notes</i>	\$3,375,000	\$3,375,318	\$3,363,225

(a) Floating interest rate is based upon U.S. Treasury Bill Rate.

Twentieth Century Fund, Inc.
Statement of Investments, continued

Schedule 3

Description	Par Value	Cost	Quoted Market
<i>Bonds:</i>			
Bethlehem Steel Corp. 8.45% 2005	\$ 100,000	\$ 99,625	\$ 98,500
General Motors Acceptance Corp. 8.75% 2001	100,000	100,750	100,000
Illinois Bell Telephone Co. 8% 2005	100,000	102,000	95,000
Illinois Power Co. 8.35% 1999	100,000	100,000	95,000
Indianapolis Power & Light Co. 9.3% 2006	250,000	253,437	252,500
Iowa Public Service Co. 8% 2001	100,000	99,437	90,250
Kansas City Power & Light Co. 8.875% 2006 ..	200,000	198,500	195,500
N.C.R. Corp. 7.7% 1994	100,000	100,000	90,250
Northern States Power Co. 8% 1999	100,000	96,167	93,500
Ohio Edison Co. 8.25% 1999	100,000	102,000	92,250
Pacific Gas & Electric Co. 8.875% 2002	200,000	201,587	196,500
Pfizer Inc. 8.5% 1999	100,000	100,250	100,000
Philadelphia Electric Co. 9% 1995	100,000	102,250	98,250
Province of Ontario 9.25% 2000	100,000	99,000	99,500
Province of Ontario 8.4% 1985	100,000	100,750	99,500
R. J. Reynolds Tobacco Co. 7.875% 1994	100,000	99,750	96,500
Rochester Gas & Electric Corp. 9.25% 2006 ...	250,000	252,500	247,500
South Central Bell Telephone Co. 8.5% 2001 ..	200,000	198,798	196,500
Standard Oil Co. (Ohio) 8.5% 2000	100,000	99,750	96,750
The Travelers Corp. 8.7% 1995	300,000	300,375	300,000
U.S. Treasury 7.875% 2000	200,000	199,000	196,000
Wisconsin Natural Gas Co. 8.75% 1994	100,000	100,531	91,750
<i>Total Bonds</i>	\$3,100,000	\$3,106,457	\$3,021,500

Twentieth Century Fund, Inc.
Statement of Investments, continued

Schedule 3

Description	Number of Shares	Cost	Quoted Market
<i>Common Stocks:</i>			
American Telephone & Telegraph Co.	11,024	\$ 303,652	\$ 622,856
Baxter Travenol, Inc.	5,000	162,584	193,125
Bundy Corp.	20,000	603,444	307,500
Burlington Northern Inc.	10,000	352,229	460,000
Christiana Securities Co.	2,000	282,797	251,000
Continental Oil Co.	20,000	433,639	767,500
Deere & Co.	10,000	388,160	695,000
Dresser Industries, Inc.	16,000	382,704	688,000
Federated Department Stores, Inc.	80,000	1,687,453	3,810,000
General Electric Co.	12,000	512,236	685,500
General Motors Corp.	10,000	599,510	685,000
Harris Bankcorp, Inc.	20,000	544,139	720,000
Hercules Inc.	20,000	537,544	645,000
International Business Machine Corp.	4,000	783,255	1,107,000
International Paper Co.	10,000	507,464	730,000
Jefferson Pilot Corp.	10,000	361,723	278,750
Manufacturers Hanover Corp.	10,000	346,302	395,000
Mobil Oil Corp.	10,000	315,080	598,750
Perkin-Elmer Corp.	15,000	235,188	352,500
Philadelphia Life Insurance Co.	22,655	391,778	237,878
Phillips Petroleum Co.	15,000	395,581	920,625
Pittway Corp.	7,300	171,144	272,838
Roper Corp.	20,000	475,192	370,000
St. Regis Paper Co.	15,000	408,287	639,375
Santa Fe Industries, Inc.	10,000	250,390	382,500
Standard Oil Co. (Indiana)	20,000	244,167	1,010,000
Storer Broadcasting Co.	10,000	178,092	261,250
Union Carbide Corp.	12,000	534,512	811,500
Union Pacific Corp.	10,000	398,386	923,750
Weyerhaeuser Co.	15,000	415,525	665,625
<i>Total Common Stocks</i>		\$13,202,157	\$20,487,822

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