



The Twentieth Century Fund Annual Report 1974

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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Director's Report

Like many other institutions, the nation's foundations are currently plagued by inflated costs and a deflated securities market. Moreover, the vast majority of foundations cannot count on fresh transfusions of capital to mask or make good the erosion brought about by the decline in their endowments. Although declining economic activity may well cause prices to rise more slowly, it is unlikely to reduce the costs of operating foundations and the projects on which they spend their resources. On the contrary, the demands on foundations by needy and worthwhile programs are growing at a time when the ability of foundations to meet such demands has been drastically reduced.

It is not yet possible to measure the extent of the losses suffered by foundations. But an institution that had, say, \$50 million in assets in 1968 and then joined the movement into equities may have lost 35 percent of its value and be worth only \$32.5 million today. And although its income might have increased from \$1.75 million in 1968 to about \$2 million now, given the rise in prices over the period, its current income has much less purchasing power than its 1968 income. Many foundations have experienced much more severe losses in their portfolios, and as a result, even after taking into account the minimum payout requirements fixed by the Tax Reform Act of 1969, foundations will be providing considerably less in the way of grants now than they did just a few years back.

In my last report, I suggested that "the most immediate problem of many foundations is to assure that inflation does not erode their existing resources" and went on to point out the danger that their programs might be eliminated "by either inflation or poor investment performance

or both." In the past year, of course, declines in both capital and equity markets have not only made income inadequate but also caused a sharp and dramatic shrinkage in capital values that is diminishing the role of foundations, at least in the immediate future. It is to be hoped that foundation assets will recover with the resurgence of the economy. Unless they can, their future as an independent source of wealth for public purposes will be in serious jeopardy.

Given the capital losses that many foundations have incurred, it is understandable that some of them are now intent on husbanding their remaining wealth, cutting back on their personnel and their programs. Because they have no prospect of new capital, they obviously feel that they can survive—and remain able to contribute to good works in the public interest—only through stringent economizing. The situation is particularly pressing for foundations that make long-term commitments, since honoring these commitments may require dipping into their shrunken assets.

Obviously, foundations now confront hard and painful choices. Of those programs that continue to be funded, some will not only get a smaller amount of support but also find a substantial portion of their funds eaten away by inflation. Worse still, when grants are reduced, many risky but promising ventures will be forced out of existence. At a time when the diverse activities funded by foundations are more in need of support than ever, it is my hope that those in charge of making difficult choices will recognize the vital importance of continuing to provide assistance to activities and causes that, because they may break new ground, are controversial or uncertain of success.

A concentration on orthodox and established institutions will, at this period of economic crisis, do serious damage to foundations that have long argued that they were entitled to tax exempt status because of their willingness to expend risk capital at social and economic and intellectual frontiers. If there ever was a time when such pioneering investment is needed, it is now.

* * *

As a representative of an operating foundation that conducts its own research program rather than making grants, I have some inhibitions about dealing with the serious problems of other members of the philanthropic fraternity. But

since the Fund has a stake in the survival of foundations, it is important, I think, that all of us involved seek to cope with the present tide of financial and economic adversity. For its part, the Fund has deliberated over what course it should pursue. After careful consideration, our Board of Trustees decided against a reduction in Fund expenditures. To be sure, the Fund has suffered a decline in its assets, although not as much as most other foundations. Our income, moreover, has continued to increase. But for some years now, the Fund has been spending more than its income as a deliberate policy. We plan to continue to do so. Happily, we can follow this policy without selling off either fixed income obligations or equities at depressed levels, because the Fund has sufficient cash reserves to meet all foreseeable commitments.

The decision of the Board of Trustees is an expression of confidence in the future of the economy—as well as in the advice provided by the Fund's Investment Advisory Group. It permits the Fund to base its spending policies on the number and quality of its research projects, not on the transient state of the securities markets. So we will continue our quest for policy-oriented research studies that have the potential to produce useful and significant results. We do not intend to be imprudent in our spending, but neither do we plan to preserve our wealth merely for the sake of survival.

Investing in research resembles grant making in that it poses hard choices and incurs risks. We could play it safe, sponsoring only acknowledged scholars or conventional studies. With a cautious approach, we would undoubtedly encounter few failures. But avoidance of failure would hardly justify the Fund's existence. Our risks involve both people and ideas. We seek first-rate researchers, known and unknown, who are prepared to devote time and effort to worthwhile work. Experience has taught that it is as much a mistake to persuade an uncommitted or unwilling scholar to take on a promising project

as it is to be convinced by a scholar with impressive credentials whose proposal is not well conceived.

Like other foundations, too, we must economize in our operations in order to stretch the value of our resources. Although we are not under the direct pressure felt by organizations operated for profit, we are well aware of the need to hold down our costs. Over the past two years, systematic attempts to institute economies at the Fund have kept costs not directly associated with our research projects below the inflationary rise in overall prices. We are not content with that record. In recent months, we have managed to make fresh reductions in our costs, with the objective of holding them to last year's level without any reduction in the quality and quantity of our work. This objective can be attained only by greater productivity, which is especially difficult in an endeavor involving intellectual research, but I am convinced that the Fund staff will be able to meet the challenge.

* * *

Before my association with the Fund, I was frequently critical of foundations for failing to be sufficiently activist or innovative. I was among those, for instance, who favored a more aggressive approach toward investment of their assets. Despite the steep and protracted decline in equity values, I believe that foundations should not now beat a retreat to either short-term or long-term fixed income obligations. In my opinion, such a move would be suicidal. If foundations erred in their timing of equity investment by moving in at the top of the market, they may well err again by moving out at

the bottom. Foundations must avoid becoming like the Bourbons, who forgot nothing and learned nothing. They and other institutional investors ought to realize that equity investment in sound companies is vital to the resurgence of economic activity and to their own financial well being.

In terms of programs, I have been impressed by the courage and venturesomeness of a number of foundations in supporting pioneering activities. Some of the best projects have been sponsored by small and medium-sized foundations, many of which are no longer able to provide substantial support. It may have been premature to suggest earlier that foundations need to pool resources on essential programs, but now, cooperation and collaboration seem to me essential in order to cut costs and provide an adequate flow of grants. By the same token, there is a need to consider ways in which foundation assets can be pooled and the costs of investment management shared.

Foundations were frequently under attack when they were richer. I do not expect criticism to cease now that they are so much poorer. Recognition of the value of foundations as an independent and private form of institution operating in the public interest cannot be taken for granted. We must continue to demonstrate that we are making a difference. The decline in our collective fortunes must not lead to a diminution in our role. We cannot be excessively conservative or timid. Rather, we must improve our competence, explore new forms of working together, and encourage fresh thinking and action on the problems that confront society. The vitality of foundations cannot be sustained solely on efforts to preserve assets. It depends on a demonstrated willingness to take chances, to make the most of opportunities to provide critical assistance, not on doing the minimum.

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's research and publication activities have traditionally centered in four major areas of public policy—political and social institutions, international relations, economic and financial development, and communications. To be sure, the emphasis among these areas frequently shifts, reflecting a flexible response to changing problems. But the Fund has found it fruitful to maintain its interest in all four fields, even though the composition of its portfolio of research projects at any given time may favor one specific area over another.

This past year saw an emphasis on policy studies of political and social institutions. Four research investigations in particularly sensitive areas were authorized—the desegregation of public schools, the role of private charities, the adequacy of criminal defense systems, and the vast programs of veterans benefits. A fifth project is examining the provision and use of open spaces in urban areas, an area where policy is still in the early stages of formulation.

Among the projects completed and published during the year was . . . *A Nice Place to Live*, the Report of the Task Force on Prospects and Priorities of New York City. The New York City Task Force was requested by the Fund to examine the problems that the incoming city administration would face. The Task Force was determined to complete its work prior to the mayoral election in order to avoid any suggestion of partisanship and did so. Its Report received extensive coverage in the metropolitan press and was widely distributed among executives of the new administration. In addition, the Report became a valuable study resource for classes in urban problems and policies.

The Fund also provided significant support for research in economic institutions and issues. Two major studies and a Task Force Report were published during the year, and a comprehensive analysis of the changing role of the individual investor in the nation's securities markets was approved. Completed projects included *The Patient as Consumer: Health Care Financing in the United States*, by John Krizay and Andrew Wilson, a Report on the health insurance system in the United States; and *Energy: The New Era*, by S. David Freeman, an analysis of the energy crisis with recommendations for dealing with it. *The Rating Game*, the Report of the independent Fund Task Force on Municipal Bond Credit

Ratings, analyzed the private systems that assign ratings to municipal bonds and directly affect the interest charges that cities must bear.

The Fund's support for research in communications during the year included authorization of a major study of information, national security, and constitutional processes, and the commissioning of two monographs, one dealing with the application of First Amendment principles to broadcast licensing, the other assessing the economic and regulatory realities of cable television. The Fund also sponsored *The World of Fanzines*, by Frederic Wertham, M.D., which was published by Southern Illinois University Press.

In foreign affairs, another area of interest, two studies were approved, one examining United States foreign policy in the Caribbean and the other dealing with economic relations between the Soviet Union and the United States. The Fund also sponsored *A Constant Quantity of Tears: Planning and Budgeting in Poor Countries*, by Naomi Caiden and Aaron Wildavsky, which examined government budgeting processes in developing countries throughout the world. The book was published by Wiley-Interscience.

A total of forty projects were completed during the fiscal year or were in progress as the fiscal year (July 1973-June 1974) ended.

Completed and Continuing Studies

Economic Institutions and Issues

The Changing Role of the Individual Investor

The marked decline in small investor participation in the stock market in recent years is a matter of record. Irwin Friend and Marshall E. Blume, of the Wharton School of Finance and Commerce at the University of Pennsylvania, are exploring the significance of the diminishing role of the individual investor. Employing a sophisticated computer model of their design, they are examining whether, in fact, the decline in small transactions has diminished the liquidity of the market, as is so often claimed. Through the use of a detailed questionnaire survey, they also are attempting to determine the primary reasons why individuals desert the stock market and what changes in trading rules, tax regulations, or economic circumstances might cause them to return. The study is scheduled for completion in 1976.

Economic Policies of the Federal Government

A project analyzing the economic policies of the federal government since World War II, which had been under the direction of Harvey Segal, now a vice-president of the First National City Bank, was terminated on terms acceptable to the Fund.

Inequality in the Affluent Society

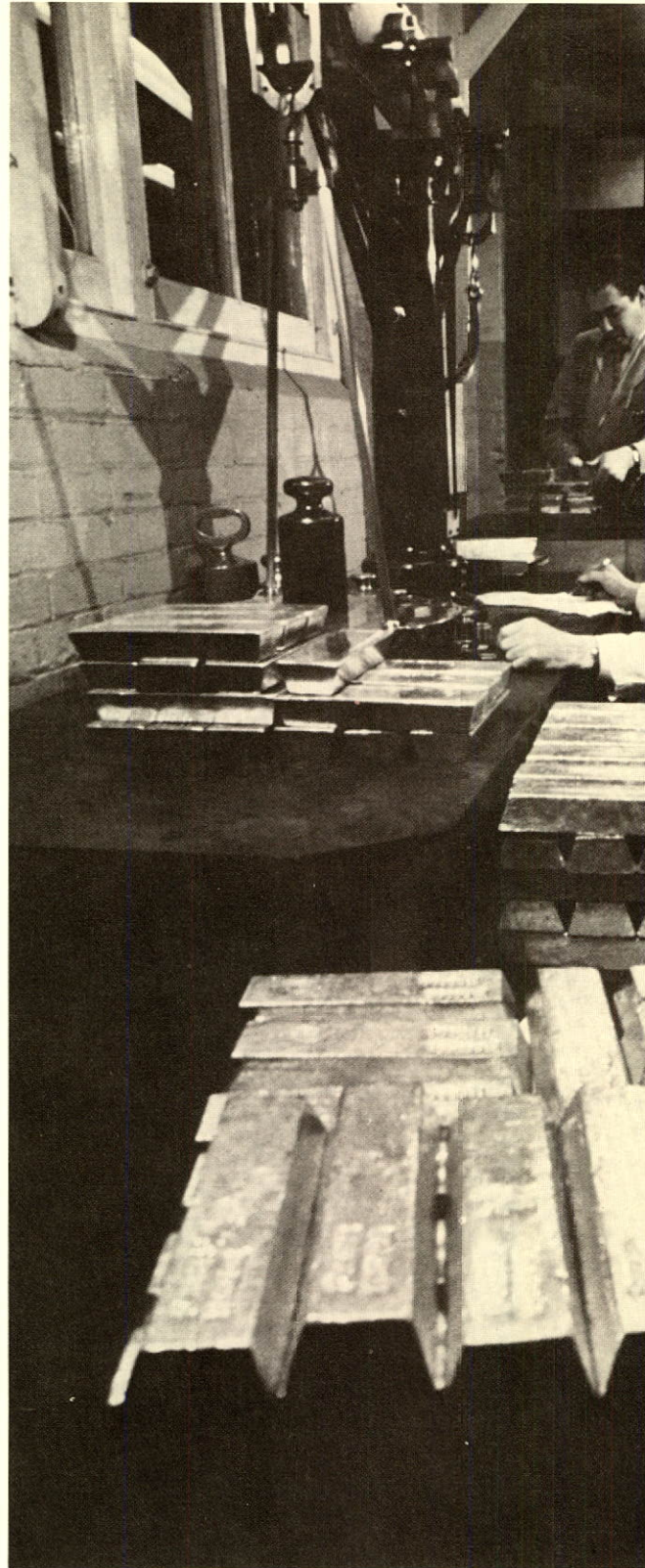
A study of governmental policies dealing with inequality in advanced industrial societies being conducted by Fred Hirsch, now resident at Oxford University, has met with some delays. However, a sizable portion of the manuscript has been completed in draft form and a completed version is expected by the spring of 1975.

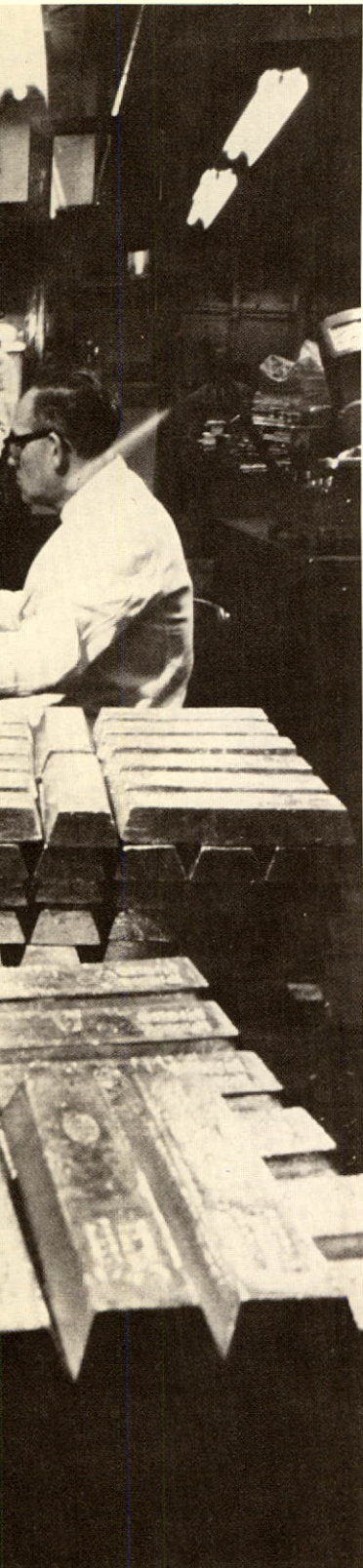
Postwar International Monetary Experience

Milton Gilbert, economic adviser to the Bank for International Settlements, has begun work on a major study that will describe and analyze postwar financial and monetary developments. His research will focus on the key role of the dollar from Bretton Woods to the Smithsonian agreement, but will also deal with the present period of floating exchange rates. After examining both economic and political factors, he plans to provide recommendations for alternative policies for reestablishing a more stable monetary network.

Securities Markets

A number of papers concerning conflicts of





interests in different sectors of the securities industry have been completed; others are in draft form. The completed manuscripts—on broker-dealers by Martin Mayer, on corporate pension funds by John Brooks, on union pension funds by Louis Kohlmeier, and on bank trust departments by Edward Herman—are being read by the steering committee prior to their editing. These papers will be published separately, and the entire collection, accompanied by a concluding chapter containing public policy recommendations by Roy Schotland, chairman of the steering committee, will be issued subsequently in book form. In addition to Mr. Schotland, the steering committee is made up of William L. Cary, Benjamin V. Cohen, Roger Murray, William Stott, and the Fund Director.

Work on a study of reform of the securities markets, undertaken by Michael Keenan of New York University, has proceeded more slowly than expected. The manuscript, originally scheduled for publication in 1974, is now expected to be finished by mid-1975.



Political and Social Institutions

Big City Mayors

In a country where politicians are generally held in low esteem, the mayors of big cities probably are in special disrepute. This low opinion may reflect, in part at least, the excessive demands placed on the mayors and the inadequate finances and limited powers at their disposal. Russell D. Murphy of Wesleyan University, who is nearing completion of his study of the big city mayors, has examined the personal characteristics and careers of the nation's big city mayors over the last century and traced the evolution of the office from the time when it was largely a ceremonial post until the present when the big city mayor is a principal spokesman for urban needs and constituencies in Washington and the state capitals. Mr. Murphy will conclude his study with a consideration of how the mayors will cope with their continuing problems in an era in which federal and even state largesse will no longer be forthcoming. The study, which has been subject to some delay, is now due to be completed in the spring of 1975.

Changing Role of Women in Politics

This study of the participation of women in politics, jointly sponsored by the Russell Sage Foundation and the Fund, is nearing completion. Based on a survey of delegates to the 1972 national political conventions, it is expected to provide a comprehensive portrait of this particular American elite. The data reveal behavior patterns that are strikingly alike for men and women, and clearly distinct from attitudes and actions of the general electorate. Jeane Kirkpatrick of Georgetown University and Warren Miller of the University of Michigan are co-directors of the project. The study is scheduled for completion by 1975.

Desegregation and Integration of the Public Schools

Twenty years after the Supreme Court's historic ruling in *Brown v. Board of Education*, the goal of desegregated education, especially in Northern cities, has not yet been achieved. In fact, the principle of integration itself has been questioned by blacks and whites alike. Those approaches to school integration that involve neighborhood dislocation and busing of children have been opposed at the highest levels of government and resisted, sometimes violently, by local communities. Robert B. McKay—retiring dean of

the New York University Law School and director of the Aspen Institute Program on Justice, Society, and the Individual—is undertaking a comprehensive analysis of school integration programs. Bringing together the vast legal, educational, and sociological literature on the subject, supplemented by case studies of school integration efforts in selected communities, Dean McKay will focus his study on the unresolved legal issues and the political and social conditions that contribute to the success or failure of integration plans. The study is scheduled for completion in March 1976.

Discrimination in the Education and Labor Markets

Richard Freeman, an economist at Harvard University, is undertaking a comprehensive study of the history of race discrimination in United States labor markets. The study will trace the record of black and white income patterns since 1880 and will seek to explain the factors behind the considerable variation in black-white income differentials during that period. The research director is particularly concerned with the influence of education on black-white income differentials. His study is scheduled for completion late in 1975.

Domestic Intelligence, Surveillance, and Internal Security Practices of the U.S. Government

Surveillance of private citizens by governmental agencies has emerged as one of the most controversial issues in the United States, prompting both congressional and presidential inquiries. The Fund, which has been exploring the issue for some time, approved a proposal for a book-length study. However, the research director decided not to proceed with the project, which was then cancelled. The Fund has continued to search for an independent project in the area and is currently negotiating with potential research directors.

Economics of Criminal Justice

A project on the economics of criminal justice that had been under the direction of Richard W. Richardson was terminated by mutual consent.

Federal Power and State Priorities

Federal-state relationships are being studied by Peter Passell and Leonard Ross, both of Columbia University. Concentrating on the state of California, the research directors are examining government programs in health, higher



education, elementary and secondary education, and welfare, with the objective of arriving at a budgetary strategy for making maximum use of federal revenues. Their project is scheduled for completion by the end of 1974.

Jury Selection Procedures

For his critical investigation of the nation's jury system, Jon M. Van Dyke of the Hastings College of Law of the University of California has collected data from the federal courts and a large number of state jurisdictions. He concludes that current procedures of jury selection fall significantly short of producing juries representative of all segments of the population. His study reviews the historical development of the jury and relevant Supreme Court decisions and makes recommendations for overcoming discriminatory practices. The manuscript is now being revised and is scheduled for completion in early 1975.

Legalized Gambling

Lured by the hope of increasing revenues, reducing police corruption, and limiting the power of organized crime, state and local governments in recent years have considered or experimented with legalization of at least some forms of gambling. But it is not clear that the goals of legalization are compatible or even individually attainable. The Fund, acting jointly with the Fund for the City of New York, convened an independent Task Force to examine the trend toward legalization and to make recommendations for policy makers and the public dealing with this issue. The Report of the Task Force, which is chaired by Paul Ylvisaker, appeared late in 1974. The rapporteurs for the Task Force and authors of the background paper are David Beale and Clifford Goldman.

Legal Representation Afforded to Indigent Criminal Defendants

Although great strides have been made in providing counsel for indigent criminal defendants, criticism has frequently been leveled at attorneys for providing less adequate representation to the poor than to those who are able to pay for a more thorough legal presentation of their cases. But defense attorneys may be unable to provide adequate representation for their indigent clients because of other aspects of our system of criminal justice (bail, for example) that may be biased against the poor. Robert Hermann, director of the Public Interest Law



Clinic at New York University School of Law, S. Stephen Rosenfeld, associate professor of law at New York University School of Law, and Eric Single, formerly senior research scientist of the New York State Department of Mental Hygiene, are engaged in a study of the quality of legal representation afforded under a variety of systems. It is their intention to compare quantifiable aspects of legal defense in order to determine how to reduce economic bias. The project is scheduled for completion in mid-1976.

Open Spaces in the Inner City

The relationship between structures and open space determines in large part the character of a city. Open space is not necessarily a good in itself. There can be too much of it as well as too little. It can enhance the life of a city or, if poorly located and unimaginatively designed, become yet another blight on the urban landscape.

August Heckscher has embarked on a study of open spaces in the American city. He is attempting, through his research, to develop policy guidelines for urban governments to help make our cities more livable through the creative use of open spaces.

The research director was commissioner of parks

and administrator of recreation and cultural affairs of New York City from 1967 to 1972; he is a former director and trustee of the Twentieth Century Fund. Associate director for the study is Phyllis Robinson, former deputy commissioner for cultural affairs for the City of New York.

The Planning and Politics of Low-Income Housing

The ways in which the nation's housing policies have contributed to the segregation of blacks and whites in metropolitan areas are being studied by Alexander Polikoff, a Chicago lawyer who participated in the *Gautreaux* suit against the federal government. He is analyzing the influence of public housing programs on racial balance and plans to come up with approaches that would make more housing available on a less discriminatory basis. The study is scheduled for completion in 1975.

Policies Toward Veterans

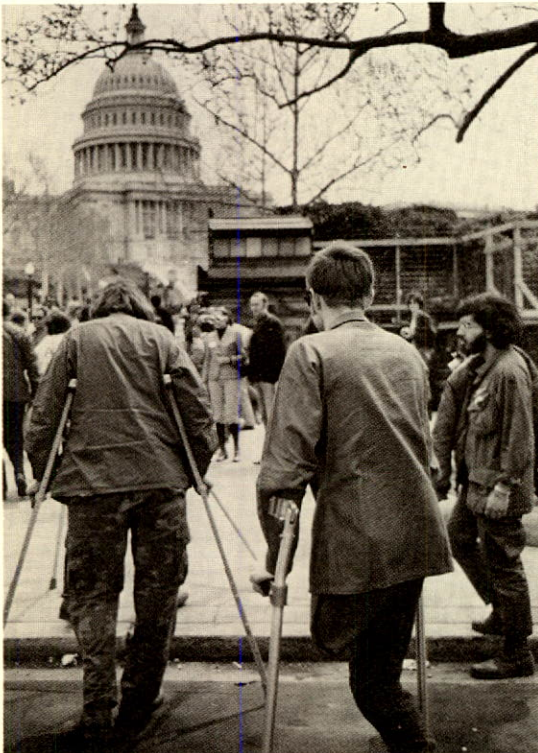
Veterans programs cost nearly \$15 billion a year and cover nearly half the population of the United States. The Fund established an independent Task Force to examine and report on the adequacy and efficiency of the nation's policies toward veterans. The Task Force, which



was chaired by Robert Finch and had Michael Taussig of Rutgers University as its rapporteur, held a series of meetings and received submissions from many groups and organizations. After intensive study, the Task Force concluded its work; its Report, accompanied by a factual background paper by Mr. Taussig, was completed and published on schedule late in 1974.

Political Polarization and Participation

The events of recent months that precipitated a change of presidential leadership have raised new questions concerning citizen attitudes toward government and willingness to participate in a sometimes less than honorable electoral system. This study, by Andrew Greeley, director of the Center for the Study of American Pluralism at the National Opinion Research Center of the University of Chicago, Norman Nie, associate professor of political science at the University of Chicago, and Sidney Verba, professor of government at Harvard University, is the first attempt to describe changes in American political attitudes over time. Their analysis of the period from 1956 to 1972 will undoubtedly contribute to this important debate. The study is scheduled for completion at the end of 1974.



The Presidential Nominating Process

The procedural reforms adopted by the Democratic party in response to the interparty dispute of 1968 have come in for their share of the blame for the party's disastrous showing in the presidential election of 1972. Nevertheless, Kenneth Bode, a political scientist who was formerly research director of the McGovern Commission on Party Structure and Delegate Selection, and David Abbott, a political scientist at Brooklyn College, argue that the reforms were necessary accommodations to changes in the party's constituency and in presidential politics. Their study explores the events that led to the adoption of the reforms, the work of the reform commission, the reasons for the surprising degree of state compliance, and the effects of reforms on candidate strategies, the convention, and the nominating process. They examine the party's reevaluation of the new rules following the 1972 debate and make recommendations for fresh reforms. The study, which has met with delays, is currently being revised, with completion now scheduled for early 1975.

Private Charity in the United States

Walter Shapiro of the *Washington Monthly* is undertaking a comprehensive study of private charity in the United States. Although the occasional scandals among charitable organizations have attracted some muckraking and congressional investigation, Mr. Shapiro's study is the first intensive investigation of charitable donors, recipient organizations, volunteerism, and the relations between charities and the federal government. The study will be based on public documents and extensive interviews in Washington and selected other cities, supplemented with surveys conducted under the auspices of the Filer Commission on Private Philanthropy and Public Needs.

Public Authorities

Increasing employment of public authorities to carry out governmental functions has led to growing concern over their independence from governmental control, their methods of financing and management, and their programs. Annemarie Walsh, director of the International Urban Studies Program at the Institute of Public Administration, is completing a study that will develop a systematic framework for evaluating public authorities in terms of their usefulness, efficiency, accountability, and ability to innovate. Surveying the use of public authorities





around the world, this study will provide policymakers with an empirical analysis of their political and economic advantages and disadvantages. A final manuscript is expected early in 1975.

Public Employee Retirement Systems

Public employee pension payments have become an increasingly large part of many state budgets. The continuing growth of such systems has become a major political issue. Robert Tilove, a recognized expert on retirement systems, has surveyed the major plans in this country and has analyzed their operations, especially their growth at a time when Social Security payments are increasing. The manuscript has received a preliminary editing and awaits Mr. Tilove's review.

Public Financing of American Elections

The events of recent years have raised serious questions about the means by which election campaigns in the United States are financed. David Adamany, director of the Department of Revenue of Wisconsin, and George Agree, an experienced political fund raiser, have written a book that explores political finance, analyzes the

problems of the use of private funds to finance campaigns and of regulating this use, and presents innovative recommendations for a system of public financing. Their findings are based on an examination of recent election campaigns and the results of a poll of voter attitudes toward campaign finance conducted for the study by the National Opinion Research Corporation. The book is scheduled for publication in 1975.

Women and Employment

A number of the issues affecting working women—equal opportunity legislation and employment, the role of educational institutions and the media in fostering equal job opportunities, the need for facilities for child care, and employer and union practices—have been explored by this independent Task Force. Eleanor Holmes Norton, New York City's commissioner of human rights, was chairman of the Task Force. The background paper was written under the direction of Adele Simmons, dean of student affairs at Princeton University. The Report of the Task Force and the background paper will be published by Lexington Books early in 1975.

International Relations and Development

Capitalism and Underdevelopment in India

Thomas E. Weisskopf, associate professor of economics at the University of Michigan, has informed the Fund of his decision to postpone indefinitely the completion of his analysis of economic development in India. Arrangements are being made to terminate this project.

Control of Multinational Corporations

Walter Goldstein of the State University of New York at Albany was unable to complete his promised manuscript dealing with multinational corporations. After repeated attempts to salvage the project proved unavailing, the project was terminated.

Formulation of American Policy Toward the Arab-Israeli Dispute

The shaping of United States government policy toward the Middle East, during the last year and in the recurrent crises that have confronted five administrations from Truman through Nixon, is the subject of a major study by Steven L. Spiegel, a political scientist at U.C.L.A. Making use of documentary research and interviews with a large number of United States, Israeli, and Arab

participants and observers, Professor Spiegel is attempting to identify the persistent bureaucratic and political influences on the formulation of United States policy toward the Middle East and the ways in which these influences have evolved in response to external events and to the initiatives of each succeeding presidential administration. The study is scheduled for completion in the fall of 1975.

Indian Development

Economic growth has not solved the problems of developing countries, particularly the problem of poverty. Development economists have therefore been searching for new ways and means to distribute the benefits of growth more broadly. In his study for the Fund, John Mellor of Cornell University presents an agriculturally-based, employment-oriented strategy as the best means of increasing the participation of India's poor in development. He views the increased agricultural productivity made possible by the technological advances of the "green revolution" as the key to a new development strategy whose success ultimately depends on correct policy decisions by the government of India and by the industrial countries. The study is now being edited, with completion scheduled for early 1975.



Japan and the World Economy

Hugh T. Patrick, professor of economics at Yale University, and Gary Saxonhouse, assistant professor of economics at the University of Michigan, are conducting a study of Japan's changing role in the world economy. They have developed an econometric model which they hope will help them to account for Japan's international economic successes and to decide whether her progress is likely to continue. The future course of Japan's balance of payments and composition of her trade, and the implications of the recent energy crisis for Japan are among the subjects to be analyzed. The study, which has met delays, is now scheduled for completion in 1975.

Politics and Economics of the U.S. Forces in Germany

Gregory Treverton of the Institute of Politics at Harvard University is making progress in his study of the politics and economics of U.S. troops in Germany. On the basis of extensive interviews and research in Washington and Bonn, he is exploring the interaction of bureaucratic politics in the United States and West Germany at the time of the offset crisis in 1966-67. In addition to dealing with this issue, his project for the Fund

will examine general implications of the presence of troops in Germany for U.S. foreign policy.

Soviet-American Economic Relations

There are many economic and political peculiarities in the developing trade relations between the United States and the Soviet Union, the leading capitalist and communist powers. Controversies over the 1973 grain deal and Jewish emigration, for example, have tended to distract attention from both the economic potential and the institutional difficulties of an increase in trade with the Soviet Union. Franklyn D. Holzman of Tufts University is undertaking a study of Soviet-U.S. trade which will analyze the gains that each country might derive from increased trade and investment, with particular attention to the needs of the Soviet economy. He also will review the policy options available to the United States, taking into account the political and strategic considerations that will inevitably shape the evolution of trade relations. The study is scheduled to be completed by September 1976.

United States Policy Toward the Caribbean

John Bartlow Martin—ambassador to the Dominican Republic under the Kennedy



administration, author, and professor of journalism at Northwestern University—is reappraising recent policy in the Caribbean with the objective of making recommendations for the future role of the United States in the area. Focusing on the evolution of U.S. policy since the emergence of Fidel Castro forced the Eisenhower administration to reconsider its approach to the Caribbean, he will analyze increasingly important economic and social issues, such as commodities and immigration, and assess the prospects for resolving long-term problems. The study is scheduled for completion in June 1976.

Communications

Application of First Amendment Principles to Broadcast Licensing

The federal government has established extensive regulatory procedures, embodying such principles as the fairness doctrine and the right of reply, to assure public access to the air waves. These regulations have been the subject of increasing criticism, and it has been suggested that broadcasting is covered by the First Amendment and should not be regulated by the government at all. Albert H. Kramer, who founded a public interest law firm specializing in communications issues, is investigating methods other than regulation to assure that a variety of views are broadcast. Among alternatives under study are rotating licensing and a public utility approach to broadcasting. His report is scheduled for completion in 1975.

Broadcasting and the Legislature

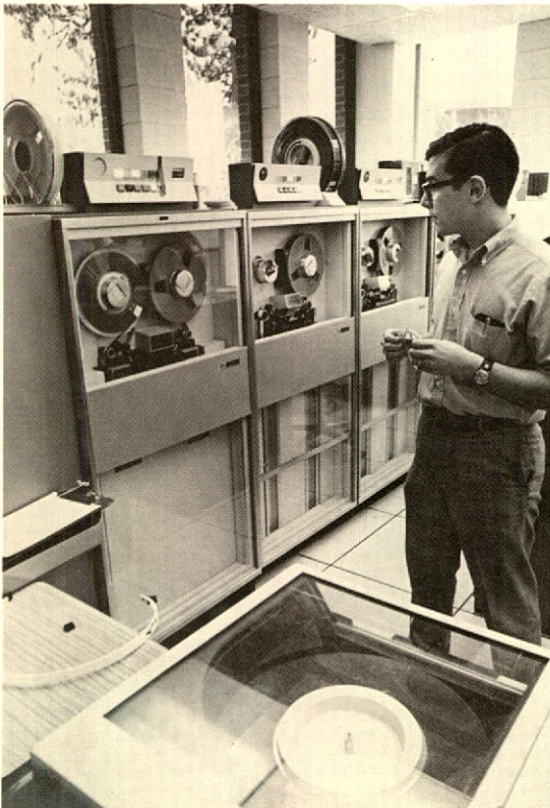
After examination of the broad issues of political public affairs programming, this independent Task Force was reconstituted with a new, narrower focus. Lee M. Mitchell, a communications law specialist, was commissioned to serve as rapporteur and to prepare a background paper on the issue of broadcast access to federal and state legislatures. The Task Force resumed its deliberations and completed its Report in the fall of 1974. Its major recommendations call for broadcast coverage and recording of all sessions of the Congress of the United States.

Computers, Information Processing, and Privacy

With computers increasingly able to compile data and make it available, the need for safeguards against misuse of information has become pressing. Howard Latin, a researcher attending the Law School of the University of California at Berkeley, is conducting an examination of the implications for personal privacy in the expanding use of computers in collecting, storing, and processing information about individuals. Completion of the report, which is overdue, is now scheduled for early 1975.

Economics and Financial Problems of the Cable TV Industry

Cable television is a technology that has captured the imagination of many observers and has led some to claim that the United States is on the verge of becoming a wired nation with access to





an enormous spectrum of services ranging from shopping in the home to instant voting and opinion polling. But promises have exceeded performance, and many cable companies are now in financial trouble. David Goldsmith, a financial analyst with special expertise in the communications field, is preparing a paper for the Fund on cable's problems and prospects. At the outset of the project, the Fund also held a working conference of experts in government and the industry to discuss the cable situation. This group will meet again as the work, scheduled for completion in early 1975, progresses.

Information, National Security, and Constitutional Procedures

A free flow of information to the public and Congress is one of the fundamentals of our constitutional system of government. But during a quarter of a century of cold war, the executive branch so exploited national security considerations, to control information and protect itself from public scrutiny, that executive secrecy far exceeded the legitimate requirements of national security and threatened to alter significantly the constitutional balance of power. Morton H. Halperin, a political scientist and former member of the National Security Council

staff, is undertaking a major analysis of the uses and abuses of national security information. He plans to make recommendations to expand public and congressional access to information without exposing information that is necessarily secret. He will examine the classification system, the use of prior restraint to prevent publication of national security information, and the espionage laws and will consider possible legislative change in these areas to provide greater protection for constitutional liberties and procedures. The study is scheduled for completion in June 1975.

Little Magazines

Despite the best efforts of the staff, Lawrence Grauman, Jr., editor of the *Antioch Review*, has failed to submit a manuscript on his study of little magazines. Accordingly, the Fund has terminated the project and has authorized counsel to commence legal proceedings seeking recovery of a portion of the money expended by the Fund on the project.

National News Council

From 1973 to 1974, the National News Council progressed from an idea and a set of principles developed by an independent Fund Task Force to an organization carefully and cautiously picking

its way through thickets of controversy. During its first year of operation, the Council received more than two hundred complaints about press inaccuracy or unfairness. The Council held hearings on some of these complaints and, in addition, commissioned an analysis of the First Amendment issues involved in the demands for enforced access to the press.

One of the major complaints—and perhaps the most frustrating because it could not be definitively settled—involved former President Nixon's criticism of television network reporting: "I have never heard or seen such outrageous, vicious, distorted reporting in twenty-seven years of public life." The Council formally requested documentation of this charge against the nation's three television networks, which pledged full cooperation with the Council's inquiry. After three months during which it met with the President's aides, the Council reported that the White House said it had neither the time nor the staff to prepare a list of specific instances giving rise to Nixon's charges. Subsequently, a presidential assistant declared that he would undertake the task of providing substantiation for Nixon's charges. But he failed to do so.

In the end, the Council stood by its statement that "it is seriously detrimental to the public interest for the President to leave his harsh criticisms of the television networks unsupported by specific details that could then be evaluated objectively by an impartial body."

The Council also ventured into the area of journalistic ethics when it upheld a complaint against a syndicated columnist for failing to disclose to his employer the fact that he had received money from a presidential reelection campaign committee at the same time he was writing for publication. The Council also declared that the syndicate had a responsibility to inform its readers of that fact as soon as it learned that its columnist was on two payrolls.

As the Council approached the end of its first year, the U.S. Supreme Court gave impressive recognition to it and to the Task Force that had recommended its creation. The Task Force Report and background paper were cited in three instances in the unanimous decision, written by Chief Justice Burger, that struck down the Florida right-of-reply law as unconstitutional. The Chief

Justice drew a distinction between an unconstitutional government-enforced right of access and a voluntary and independent mechanism to deal with press criticism. In rejecting government-enforced access as a violation of the First Amendment, he cited the National News Council as an example of a voluntary and independent organization.

In addition to its grant in support of the National News Council, the Fund provided staff assistance to the Council, with special emphasis on preparation of procedures for investigating and hearing complaints lodged against the broadcast and print media.

Publishing and Public Information

Broad dissemination of information on its research program is an integral part of Fund activity. In order to reach the widest feasible audience, the Fund makes public announcements of every book-length project and task force approved by the Board of Trustees. As each study and task force report is published, the Fund issues an extensive release and, on occasion, arranges a press conference so that research directors or task force members can elaborate on their findings.

Public Information

During the fiscal year, the Fund issued sixteen press releases covering Fund activities, including project approvals, elections to the Board of Trustees, and publication of research results. The Fund also arranged four press conferences to announce publication of Fund studies or task force reports and recommendations. One press conference, on the publication of a Report on health insurance systems, was held in Washington; the others took place at Fund headquarters in New York.

Perhaps the most widely covered publication during the year under review was *Presidential Television*, by Newton N. Minow, John Bartlow Martin, and Lee M. Mitchell. Extensive press attention was given to this Report and led to the subsequent appearance of the authors before a congressional committee to discuss their findings and recommendations. Publication of . . . *A Nice Place to Live*, the Report of the Task Force on Prospects and Priorities of New York City, was also widely publicized, particularly in the New York metropolitan area. Chaired by Robert M. Morgenthau, the Task Force Report provided an analysis of major issues facing the city's newly elected administration, together with policy recommendations.

Information about the Fund's activities was also disseminated through periodic issues of its newsletter, which is distributed to a mailing list of 12,500, and through copies of a list of Fund books, studies, and paperbacks. In addition, Fund publications were displayed in about thirty book exhibits in the United States and Europe during the past year. These displays included the conventions of the American Bar Association, the American Academy of Political and Social Science, and the American Library Association. The Fund's books were also displayed at the Frankfurt Book Fair and the Warsaw Book Fair.

Continued heavy demand for the Fund's Gross National Product Flow Chart exhausted a 25,000 print order. An updated chart for 1974 is planned. The Chart, first published in 1966, has been revised at regular intervals because of its usefulness to schools and universities. It provides a graphic representation of the flow of the nation's goods and services, income and expenditures.

A color motion picture film explaining the concepts involved in the flow chart is distributed by McGraw-Hill Films and was rented by schools for sixty-one showings during the year.

Publications

The Fund disseminates its research findings and task force reports in a variety of ways. In order to assure national distribution and wide exposure for its major book-length studies and reports, the Fund places them with commercial publishers or university presses. These publishers often arrange for both cloth and paperback editions of Fund-sponsored works to meet the widest possible markets. The Fund itself publishes its task force reports and staff research papers in paperback, providing wide distribution of single copies free of charge.

The Fund's task force reports have proved extremely popular. Many of them have been adopted for college and university reading lists. The initial order of 15,000 copies of *A Free and Responsive Press*, the Report of the Fund's Task Force for a National News Council, was exhausted in a little more than eighteen months. It is now being reprinted. Similarly, the Fund has had two printings of *Press Freedoms Under Pressure*, the Report of its Task Force on the Government and the Press; nearly all the 15,000 copies have been distributed. . . . *A Nice Place to Live*, the Report of the Task Force on Prospects and Priorities of New York City, went through two printings for a total of 10,000 copies, nearly all of which were distributed within twelve months.

During the year, the Fund continued to arrange for translations of its studies. The one-volume abridged version of Gunnar Myrdal's *Asian Drama: An Inquiry into the Poverty of Nations* was published in Italian, German, and Japanese translations. *From Peasant to Farmer: A Revolutionary Strategy for Development*, by

Raanan Weitz, was published in Spanish; arrangements also were made to publish it next year in Italian.

The Fund has arranged for Kraus Reprint Company to reprint Fund publications that are out of print and for which there is continued demand. A number of past Fund publications are accordingly being scheduled for reprinting in cloth as well as in paperback format. In addition to reprints, Kraus Reprint Company is distributing all of the Fund's backlist books that remain in print. The complete catalogue of books in print and reprints is available from Kraus Reprint Company, Millwood, New York 10546.

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

The Patient as Consumer: Health Care Financing in the United States, by John Krizay and Andrew Wilson. This comprehensive, analytical Report on the nation's health insurance systems 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. 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 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. Widely recognized as the most useful and comprehensive 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.

The Military Establishment: Its Impacts on American Society, by Adam Yarmolinsky. Aided by a team of specialists, the author analyzes the remarkable growth of the American military since World War II and attempts to gauge its influence, direct and indirect, on various aspects of American life. 434 pages, February 1971, \$10 (paper, \$3.95; abridged, 1973, 374 pages, paper \$1.95). Publisher: Harper & Row.

Current Fund Paperbacks in Print

The Rating Game. This Task Force Report recommends establishment of an independent nonprofit information service 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 Nice Place to Live*. A Task Force Report examining the problems facing the mayor of New York City, along with recommendations for dealing with them. 72 pages, December 1973, paper, single copies free.

A Free and Responsive Press. A Task Force Report that urges 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, paper, \$3. Publisher: Kraus Reprint Company.

Press Freedoms Under Pressure. A Task Force Report on 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, paper, single copies free.

Books Released by Other Publishers

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.

A Constant Quantity of Tears: Planning and Budgeting in Poor Countries, by Naomi Caiden and Aaron Wildavsky. 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 and reflecting their perceptions of our society. 144 pages, November 1973, \$10. Publisher: Southern Illinois University Press.

The Leaning Ivory Tower, by Warren Bennis. As participant-observer, the author comments about the search for a new president of the State University of New York at Buffalo and provides an account of the inauguration and failure of a new plan of higher education. 154 pages, January 1973, \$7.75. Publisher: Jossey-Bass.

Grants

The Twentieth Century Fund has been designated a private operating foundation under the Tax Reform Act of 1969. This status gives the Fund considerable freedom in shaping its research program but restricts the number of grants that the Fund can make. The Board of Trustees makes specific grant commitments only under unusual and exceptional circumstances. Two such grants were made in the period under review, and both of them represented continuing commitments to the Fund's program and policies.

National News Council

Last year, the Fund responded to the unanimous recommendation of its independent Task Force for a National News Council by pledging \$100,000 a year to the Council for three years. The Fund made its second-year grant of \$100,000 in recognition of the initial accomplishments of the Council in increasing responsiveness by the print and electronic media and enhancing public understanding and appreciation of freedom of the press.

New York City

For the seventh year, the Fund made a contribution to the City of New York in recognition of municipal services provided the Fund as a property-owning but tax-exempt foundation. As an expression of its interest in and concern for the problems of New York City, the Fund increased its contribution to \$13,500 from the previous year's grant of \$12,000. The Fund was the first foundation in the city to make such grants, and this year's contribution brings to \$81,500 the total provided to the city.

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John E. Booth, Associate Director

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Noemi Landrau

Wendy Mercer

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Robert Nelson

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Susan S. Spinelli

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Theodore Draper

Lee B. Harris

Isador Lubin

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Task Force on Women and Employment (1971)

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Thomas Winship
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Harris Wofford
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Rapporteur:
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Task Force on Broadcasting and the Legislature (1971)

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Julian Bond
Member, Georgia House of Representatives

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Frances "Sissy" Farenthold
Lawyer; former member, Texas State Legislature

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William F. May
Chairman of the Board, American Can Company, Connecticut

Robert Northshield
Executive Producer, NBC News, New York, New York.

W. Theodore Pierson, Sr.
Partner, Pierson, Ball & Dowd, Washington, D.C.

William Rusher
Publisher, *The National Review*, New York, New York.

Rapporteur:
Lee M. Mitchell
Lawyer, Sidley & Austin, Washington, D.C.

Task Force on Municipal Bond Credit Ratings (1971)

Frank Smeal, chairman
Executive Vice-President and Treasurer, Morgan Guaranty Trust Co., New York, New York

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New York State Senator, New York, New York

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President, Federal Reserve Bank of Boston, Boston, Massachusetts

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Professor of Political Science, University of Minnesota, Minneapolis, Minnesota

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John Thompson
Vice-President, W. H. Morton & Co., New York, New York

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John E. Petersen
Municipal Finance Officers Association, Washington, D.C.

**Task Force on Prospects and
Priorities of New York City (1973)**

Robert M. Morgenthau, chairman
Lawyer, former United States Attorney
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Frederick O'Reilly Hayes
Former Budget Director of New York
City

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Urban Affairs, First National City Bank

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Lawyer and labor mediator, Battle,
Fowler, Lidstone, Jaffin, Pierce & Kheel

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Dean, School of Public Administration,
New York University

Richard Ravitch
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Robert C. Weaver
Distinguished Professor of Urban
Affairs, Hunter College

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Chairman, Weeden and Company

Rapporteur:

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Professor of Government, Columbia
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**Task Force on Legalized Gambling
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New York) (1973)**

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Harvard University, Cambridge,
Massachusetts

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University, Ithaca, New York

Jerome Cavanagh
Attorney, Detroit, Michigan

Monsignor John J. Egan
Catholic Committee on Urban
Ministry, Notre Dame University,
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State of New Jersey, Trenton, New
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Philadelphia, Pennsylvania

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Professor, Graduate School of Business,
Stanford University, Stanford,
California

Percy Sutton
President, Borough of Manhattan, New
York, New York

Rapporteurs:

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Trenton, New Jersey

David Beale
Executive Director, Treasury
Department, State of New Jersey,
Trenton, New Jersey

Consultant:

Jess Marcum
Santa Monica, California

**Task Force on Policies Toward
Veterans (1973)**

Robert Finch, chairman
Former Secretary of Health, Education
and Welfare, Los Angeles, California

Robert Ball
Former Social Security commissioner,
Washington, D.C.

Robert E. Deluhery
Former executive officer of the Illinois
Veterans Commission, Chicago, Illinois

William Driver
Former administrator of the Veterans
Administration, Washington, D.C.

Gloria Emerson
Author and former *New York Times*
correspondent, New York, New York

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Former senior staff member of the
Bureau of the Budget; professor of public
affairs, University of Colorado, Boulder,
Colorado

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Major-General (USA-Ret.)
Former inspector general of the U.S.
Army, Washington, D.C.

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for the Advancement of Colored People,
New York, New York

Carl M. A. McCarden
Former commissioner of the Mayor's
Office for Veteran Action of New York
City, New York, New York

Harry C. McPherson, Jr.
Former special counsel to President
Lyndon B. Johnson, Washington, D.C.

Alberta Parker
Clinical professor of community health
at the University of California School of
Public Health, Berkeley, California

Rapporteur:

Michael K. Taussig
Professor of economics, Rutgers
University, New Brunswick, New
Jersey

Auditors' Report

To the Board of Trustees of
Twentieth Century Fund, Inc.:

We have examined the balance sheets of Twentieth Century Fund, Inc. (a Massachusetts nonprofit corporation) as of June 30, 1974 and 1973, and the related statements of income, expenses and changes in fund balances for the years 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.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of Twentieth Century Fund, Inc. as of June 30, 1974 and 1973, and its income, expenses and changes in fund balances for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

New York, New York,
August 30, 1974.

Finances

Twentieth Century Fund, Inc.

Balance Sheets

June 30, 1974 and 1973

Assets

	1974	1973
Cash	\$ 63,192	\$ 254,691
Accrued Interest and Dividends Receivable	184,240	148,752
Accounts Receivable and Prepaid Expenses	11,622	582,267
Investments, at cost (quoted market, \$23,276,355 in 1974 and \$24,998,290 in 1973) (Schedule 3)	21,409,334	20,938,798
Fixed Assets, at cost, net of accumulated depreciation of \$172,462 in 1974 and \$156,476 in 1973 (Note 1)	375,571	362,639
<i>Total Assets</i>	\$ 22,043,959	\$ 22,287,147

Liabilities and Fund Balances

<i>Liabilities:</i>		
Accounts Payable and Accrued Liabilities	\$ 50,695	\$ 147,250
Federal Excise Tax Payable (Note 2)	55,290	44,153
<i>Total Liabilities</i>	\$ 105,985	\$ 191,403
<i>Fund Balances</i> (Note 1):		
General Fund—		
Appropriated for research projects (Schedule 2)	\$ 1,694,466	\$ 818,061
Appropriated for special projects (Schedule 2)	200,000	300,000
Net investment in fixed assets	375,571	362,639
Available for investment and future projects	17,892,185	18,841,542
<i>Total General Fund</i>	\$ 20,162,222	\$ 20,322,242
1922 Endowment Fund	1,775,752	1,773,502
<i>Total Fund Balances</i>	\$ 21,937,974	\$ 22,095,744
<i>Total Liabilities and Fund Balances</i>	\$ 22,043,959	\$ 22,287,147

The accompanying notes to financial statements and schedules 2 and 3 are an integral part of these balance sheets.

Twentieth Century Fund, Inc.

Statements of Income, Expenses and Changes in Fund Balances

For the years ended June 30, 1974 and 1973

General Fund

	1974	1973
<i>Income Available for Operations:</i>		
Interest (Note 1)	\$ 587,708	\$ 530,525
Dividends (Note 1)	744,265	638,431
Royalties on sale of publications	21,839	20,706
<i>Total Income</i>	\$ 1,353,812	\$ 1,189,662
<i>Expenses:</i>		
Operations (Schedule 1)—		
Research projects	\$ 984,637	\$ 1,067,281
Special projects	100,000	25,000
Publications	239,733	198,762
Management and general	222,250	258,274
<i>Total Operations</i>	\$ 1,546,620	\$ 1,549,317
Governmental payments—		
Federal excise tax (Note 2)	53,679	43,337
Payment to New York City in recognition of municipal services	13,500	12,000
<i>Total Expenses</i>	\$ 1,613,799	\$ 1,604,654
Excess of expenses over income available for operations	(259,987)	(414,992)
Realized net gain on investment transactions	99,967	418,740
Increase (decrease) in Fund Balance	(160,020)	3,748
Fund Balance, beginning of year	20,322,242	20,318,494
<i>Fund Balance, end of year</i>	\$20,162,222	\$20,322,242
1922 Endowment Fund		
Fund Balance, beginning of year	\$ 1,773,502	\$ 1,788,499
Realized net gain (loss) on investment transactions (Note 1)..	2,250	(14,997)
<i>Fund Balance, end of year</i>	\$ 1,775,752	\$ 1,773,502

The accompanying notes to financial statements and Schedule 1 are an integral part of these statements.

Twentieth Century Fund, Inc.
Notes to Financial Statements
 June 30, 1974 and 1973

(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, 1974 are summarized as follows:

	Cost	Accumulated Straight-Line Depreciation	Estimated Useful Lives
Land	\$125,000	\$ —	—
Building	175,000	76,562	40 years
Building Improvements	223,918	83,842	40 years
Accounting Machine	24,115	12,058	4 years
<i>Total Cost and Depreciation ...</i>	\$548,033	\$172,462	

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 \$29,000 and \$33,000 for the years ended June 30, 1974 and 1973, respectively. There is no unfunded prior service cost as of June 30, 1974.

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.

(2) *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 years ended June 30, 1974 and 1973

Schedule 1

Expenses	1974				1973	
	Research Projects	Special Projects	Publications	Management and General	Total	Total
<i>Direct Expenses:</i>						
Salaries, consultant fees, travel, etc. (Schedule 2)	\$655,082	\$ -	\$ -	\$ -	\$ 655,082	\$ 670,047
Grants to other organizations (Schedule 2)	-	100,000	-	-	100,000	25,000
Publications-printing, storage, etc.	-	-	31,056	-	31,056	73,694
Public information-annual report, news-letter, press conferences, etc.	-	-	-	33,015	33,015	34,491
<i>Headquarters' Expenses:</i>						
Salaries, wages and related costs (Note 1)	233,974	-	154,468	102,978	491,420	520,792
Office equipment and supplies	23,720	-	14,648	10,151	48,519	39,927
Maintenance and repair of building	19,853	-	14,559	10,676	45,088	39,667
Professional fees	750	-	-	48,672	49,422	34,892
Meetings and conferences	25,290	-	6,565	4,377	36,232	48,802
Telephone and telegraph	12,268	-	8,998	6,088	27,354	29,996
Depreciation (Note 1)	7,194	-	5,276	3,517	15,987	15,371
Other	6,506	-	4,163	2,776	13,445	16,638
Total Operating Expenses	\$984,637	\$100,000	\$239,733	\$222,250	\$1,546,620	\$1,549,317

The accompanying notes to financial statements are an integral part of this schedule.

Twentieth Century Fund, Inc.
Statement of Project Appropriations
 For the year ended June 30, 1974

Schedule 2

Title of Project and Project Director	Total Project Appropriation June 30, 1974	Appropriated Balance June 30, 1973	Activity for the Year		Appropriated Balance June 30, 1974
			Net Appropriations	Expenses	
<i>Research Projects:</i>					
American Jails, R. Goldfarb	\$ 83,000	\$ 4,056	\$ 885	\$ 4,941	\$ -
Applications of 1st Amendment Principles to Broadcast Licensing, A. Kramer	29,250	-	29,250	10,954	18,296
Big City Mayors, R. Murphy	41,450	16,829	-	40	16,789
Black Middle Class, D. Thompson	9,780	-	8,889	8,889	-
Capitalism & Underdevelopment in India & Pakistan, T. Weisskopf	57,300	18,358	-	5,595	12,763
Changing Role of the Individual Investor, M. Blume, I. Friend	151,862	-	151,862	8,216	143,646
Changing Role of Women in Politics, J. Kirkpatrick, W. Miller	140,405	40,186	15,602	8,517	47,271
Computers Information Processing & Privacy, H. Latin	8,300	8,300	-	7,200	1,100
Conflicts of Interest, Task Force	110,000	39,996	25,000	31,267	33,729
Desegregation & Integration of Public Schools, R. McKay	49,850	-	49,850	1,217	48,633
Domestic Intelligence and Internal Securities Practices of the U.S. Government, L. M. Baskir	154,800	-	154,800	-	154,800
Economics & Financial Problems of the Cable TV Industry, Task Force	7,500	-	7,500	3,443	4,057
Economics of Criminal Justice, R. Richardson	148,550	-	148,550	61,469	87,081
Economic Policies of the Federal Government, H. Segal	86,250	45,509	-	-	45,509
Education & Labor Market Discrimination, R. Freeman	64,600	39,714	-	9,782	29,932
Federal Power & State Priorities, P. Passell, L. Ross	87,700	87,700	-	53,361	34,339
Formulation of American Policy Toward Arab-Israeli Dispute, S. Spiegel	67,600	67,600	-	13,161	54,439

(Continued on following page)

Twentieth Century Fund, Inc.
Statement of Project Appropriations, continued

Title of Project and Project Director	Total Project Appropriation June 30, 1974	Appropriated Balance June 30, 1973	Activity for the Year		Appropriated Balance June 30, 1974
			Net Appropriations	Expenses	
Inequality in the Affluent Society, F. Hirsch	\$ 93,500	\$ 56,950	\$ -	\$ 27,133	\$ 29,817
Information, National Security, & Constitutional Procedures, M. Halperin	99,650	-	99,650	34,564	65,086
Japan & the World Economy, H. Patrick, G. Saxonhouse	101,750	39,368	-	10,468	28,900
Jury Selection Procedures in the U.S., J. Van Dyke	35,000	8,879	-	518	8,361
Legalized Gambling, Task Force	25,000	25,000	-	15,146	9,854
Legal Representation for the Indigent Criminal, R. Hermann, S. Rosenfeld, E. Single	138,500	-	138,500	-	138,500
Little Magazines, L. Grauman	24,625	1,276	(1,156)	120	-
New York City, Task Force	30,500	20,989	(1,045)	19,944	-
National Energy Policy, D. Freeman	58,050	811	-	(206)	1,017
Open Spaces in Urban Areas, A. Heckscher (Exploration)	5,500	5,500	(1,516)	3,984	-
Open Spaces in the Inner City, A. Heckscher	179,920	-	179,920	53,198	126,722
Planning & Politics of Low-Income Housing, A. Polikoff	36,300	-	36,300	21,700	14,600
Policies Toward Veterans, Task Force	25,350	-	25,350	22,384	2,966
Politics & Economics of U.S. Forces in Germany, G. Treverton	8,350	-	8,350	7,252	1,098
Political Polarization & Participation, A. Greeley, N. Nie, S. Verba	158,176	115,587	10,000	96,475	29,112
Post War International Monetary Experience, M. Gilbert, R. Oppenheimer	146,500	-	146,500	-	146,500
Presidential Nominating Process, D. Abbott, K. Bode	126,133	12,325	-	8,922	3,403
Press Councils, Task Force	117,500	12,350	31,996	21,918	22,428
Private Charities in the U.S., W. Shapiro	72,350	-	72,350	2,164	70,186
Public Affairs Broadcasting, Task Force	25,000	11,359	-	5,805	5,554

Statement of Project Appropriations, continued

Title of Project and Project Director	Total Project Appropriation June 30, 1974	Appropriated Balance June 30, 1973	Activity for the Year		Appropriated Balance June 30, 1974
			Net Appropriations	Expenses	
Public Authorities, A. Walsh	\$ 120,100	\$ 69,467	\$ -	\$ 59,006	\$ 10,461
Public Employees Retirement Systems, R. Tilove	93,950	9,700	-	85	9,615
Public Financing of Elections, D. Adamany, G. Agree	115,087	31,802	-	12,803	18,999
Securities Markets, Task Force	50,000	28,450	-	-	28,450
Soviet American Economic Relations, F. Holzman	77,100	-	77,100	-	77,100
U.S. Policy Toward the Caribbean, J. Martin	117,000	-	117,000	3,647	113,353
<i>Total Research Projects</i>	\$3,379,088	\$818,061	\$1,531,487	\$655,082	\$1,694,466
<i>Special Projects:</i>					
National News Council	300,000	300,000	-	100,000	200,000
<i>Total Research and Special Projects</i>	\$3,679,088	\$1,118,061	\$1,531,487	\$755,082	\$1,894,466

Note (a) The amounts shown in brackets represent the closeout of unexpended appropriations remaining at completion of the project. The accompanying notes to financial statements are an integral part of this schedule.

Twentieth Century Fund, Inc.
Statement of Investments
 Summary, June 30, 1974

Summary

Schedule 3

Description	Cost			Quoted Market
	1922 Endowment Fund	General Fund	Total	
Commercial Paper.....	\$ 200,000	\$ 2,700,000	\$ 2,900,000	\$ 2,900,000
Notes.....	400,000	397,800	797,800	709,625
Bonds.....	1,041,467	2,570,266	3,611,733	3,065,750
Common Stocks.....	75,897	14,023,904	14,099,801	16,600,980
<i>Total Investments.....</i>	\$ 1,717,364	\$19,691,970	\$21,409,334	\$23,276,355

The accompanying notes to financial statements are an integral part of this schedule.

Twentieth Century Fund, Inc.
Statement of Investments, continued

Schedule 3

Description	Principal Amount	Cost	Quoted Market
<i>Commercial Paper:</i>			
Morgan Guaranty Trust Co. 11% 7/8/74	\$ 600,000	\$ 600,000	\$ 600,000
Morgan Guaranty Trust Co. 10.8% 7/15/74 ...	600,000	600,000	600,000
Morgan Guaranty Trust Co. 11.125% 7/29/74	550,000	550,000	550,000
U.S. Steel Credit Corp. 11% 8/5/74	600,000	600,000	600,000
Sears Roebuck Acceptance Corp. 10.95% 8/16/74	350,000	350,000	350,000
Household Finance Corp. 10.95% 8/22/74	200,000	200,000	200,000
<i>Total Commercial Paper</i>	\$2,900,000	\$2,900,000	\$2,900,000
<i>Notes:</i>			
American Express Credit Corp. 6.5% 1977 ...	\$ 100,000	\$ 100,000	\$ 92,500
BankAmerica Corp. 6.625% 1980.....	200,000	199,120	176,000
Chemical N.Y. Corp. 6.625% 1980	100,000	99,430	91,000
First Chicago Corp. 6.75% 1980	100,000	99,250	94,000
National Bank of Detroit 6.875% 1979	100,000	100,000	77,000
New England Telephone and Telegraph Co. 6.5% 1979	100,000	100,000	89,125
United States Leasing Corp. 7.65% 1977	100,000	100,000	90,000
<i>Total Notes</i>	\$ 800,000	\$ 797,800	\$ 709,625

Twentieth Century Fund, Inc.
Statement of Investments, continued

Schedule 3

Description	Par Value	Cost	Quoted Market
<i>Bonds:</i>			
Bendix Corp. 6.625% 1992	\$ 300,000	\$ 279,750	\$ 219,375
Continental Oil Co. 7.5% 1999	100,000	99,750	84,125
Detroit Edison Co. 9% 1999	100,000	99,750	88,000
Dow Chemical Co. 7.75% 1999	125,000	125,000	112,500
Florida Power & Light Co. 8% 1999	100,000	101,141	81,000
General Telephone Co. (California) 7.625% 2001	150,000	150,750	119,250
Hawaiian Telephone Co. 8% 1994	150,000	152,448	120,375
Illinois Bell Telephone Co. 8% 2005	100,000	102,000	89,000
Illinois Power Co. 8.35% 1999	100,000	100,000	79,000
Iowa Public Service Co. 8% 2001	100,000	99,437	79,000
Marine Midland Banks, Inc. 7.625% 1994	100,000	99,500	80,000
National Cash Register Co. 7.7% 1994	100,000	100,000	87,000
Northern States Power Co. 8% 1999	100,000	96,166	79,500
Ohio Edison Co. 8.25% 1999	100,000	102,000	86,000
Pacific Gas & Electric Co.—			
7.5% 2001	100,000	100,612	77,000
8.875% 2002	200,000	201,587	189,750
Philadelphia Electric Co. 9% 1995	100,000	102,250	90,250
Province of Ontario 9.25% 2000	100,000	99,000	89,000
Province of Quebec 7.875% 1999	200,000	197,172	164,000
R. J. Reynolds Tobacco Co. 7.875% 1994	100,000	99,750	88,500
South Central Bell Telephone Co. 8.5% 2001 ..	200,000	198,799	180,500
Standard Oil Co. (Ohio)—			
7.6% 1999	100,000	100,000	85,250
8.5% 2000	100,000	99,750	96,375
Texas Electric Service Co. 7.625% 1999	100,000	102,090	83,000
Union Electric Co. 8.25% 1999	100,000	101,500	82,000
Virginia Electric & Power Co. 7.75% 1999 ...	200,000	200,000	172,000
Weyerhaeuser Co. 7.65% 1994	200,000	200,000	176,000
Wisconsin Natural Gas Co. 8.75% 1994	100,000	101,531	88,000
<i>Total Bonds</i>	\$3,625,000	\$3,611,733	\$3,065,750

Twentieth Century Fund, Inc.
 Statement of Investments, *continued*

Schedule 3

Description	No. of Shares	Cost	Quoted Market
<i>Common Stocks:</i>			
American Telephone & Telegraph Co.	11,024	\$ 303,652	\$ 513,994
Baxter Laboratories, Inc.	5,000	162,584	187,500
Becton, Dickinson & Co.	10,000	416,390	357,500
Bundy Corp.	20,000	603,444	232,500
Burlington Northern Inc.	10,000	352,229	338,750
Christiana Securities Co.	2,000	282,798	304,000
Dresser Industries, Inc.	10,000	480,836	435,000
Federated Department Stores, Inc.	100,000	1,760,933	3,100,000
First & Merchants Corp.	5,000	173,797	118,750
First National Boston Corp.	6,000	115,857	180,000
First Security Corp.	10,000	305,965	330,000
General Electric Co.	12,000	512,236	591,000
General Motors Corp.	10,000	599,510	486,250
Harris Bankcorp, Inc.	10,000	544,139	495,000
Hercules, Inc.	20,000	537,544	807,500
International Paper Co.	10,000	507,464	476,250
Jefferson Pilot Corp.	10,000	361,723	257,500
Manufacturers Hanover Corp.	10,000	346,302	287,500
Mobil Oil Corp.	10,000	315,080	401,250
New England Merchants Co., Inc.	10,000	230,023	152,500
Perkin-Elmer Corp.	10,000	113,554	302,500
Philadelphia Life Insurance Co.	11,025	273,018	128,166
Phillips Petroleum Co.	25,000	667,301	1,228,125
Pittway Corp.	4,680	171,144	112,320
Roper Corp.	15,000	399,617	181,875
St. Regis Paper Co.	15,000	408,287	384,375
Santa Fe Industries, Inc.	10,000	250,390	300,000
Security Pacific Corp.	10,000	330,638	150,000
Shell Oil Co.	10,000	471,315	450,000
Standard Oil Co. (Indiana)	10,000	244,167	830,000
Storer Broadcasting Co.	10,000	178,092	160,000
Union Carbide Corp.	12,000	534,512	481,500
Union Pacific Corp.	15,000	598,808	1,104,375
Weyerhaeuser Co.	20,000	546,452	735,000
<i>Total Common Stocks</i>		\$14,099,801	\$16,600,980

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