It is important to note that the interest of most of these foreign groups continues to grow over the years.

For example the Finnish organization (Economic Education Inc.) has been operating for five years, starting with a small group of participating manufacturers. During a recent visit to the United States the head of the organization informed us that, within the past six months, the last non-participating group (the wholesalers) had joined up. He was also proud that the titular head of the combined labor unions had also given the program his blessing.

Starting in April of last year, the Foundation entered into a cooperative program with the International Advisory Council, an organization which works with the Free Europe Committee in the distribution of American economic material within the satellite countries. The Council's policy is to have books distributed by private economic groups, rather than the United States Government.

Under the agreed procedure the Council sends the Foundation copies of books which it wishes to distribute and when approved by our editorial department these are sent abroad as gifts of the Foundation.

PROJECTS

We are still unable to report success in adding either of the two motion picture films, "Competition" and "Savings", needed to round out our program which now involves nine films.

The delay has been caused not so much by lack of interest, but by business conditions which have not been favorable to corporation expenditures of this size. With today's costs a first rate 15 minute film requires a budget of some $75,000. It is believed, however, that improved earnings, and the great expansion of the number of schools using, or desiring the use, of these films, will bring at least one of these two projects to fruition in the near future.

Scheduled for production during the coming year is a badly-needed book dealing with the role of small business in the United States; the necessity of a climate more favorable to a constant flow of new enterprises; the small business problems presented by current tax policies; and the progress that must be made in supplying outside capital to small enterprises which have demonstrated their capacity for growth.

Publishing arrangements for this book have already been made with D. Van Nostrand Co. and valuable cooperation has been offered by The Small Business Committee of The Investment Bankers Association.

A promising research project into the feasibility of teaching economic principles below the ninth grade, will be undertaken during the coming year. We have been so intrigued with the opinion of many grade-school teachers who believe this can be done, that an organized class-room test will be conducted with simplified material.

The success of the "Twelve Natural Laws Governing Man's Economic Progress" has suggested to us another coordinated, illustrated series of monthly editorials for the coming year. Under the general title "The Things We Believe That Are Not So," each of these will deal with one of the popular economic fallacies that have created so much public confusion in the socio-economic thinking of the people.

Richard Stanton Rimanoczy
Editorial and Research Director

Morgan S. A. Reichner
Executive Director

CONDENSED OPERATING STATEMENT
YEAR ENDED SEPTEMBER 30, 1958

Income:		
Contributions and membership dues		$235,818.51
Rentals, royalties, sales and fees		36,470.19
Miscellaneous		6,336.66
Total		$278,625.36
Expenditures:		
Research studies and editorial services	$ 45,157.08	
Field services	98,079.75	
Headquarters and warehouse	103,122.35	
Printing, mailing, films and visual aids	42,576.60	288,935.78
Deficit		$ 10,310.42

Based upon an examination made in accordance with generally accepted auditing standards and which accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, the above statement, in our opinion, presents fairly the results of operations of The American Economic Foundation for the fiscal year ended September 30, 1958 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PAUL W. HUBER
Certified Public Accountant

November 13, 1958

LEGAL BASIS FOR DEDUCTIBILITY

Contributions to the Foundation are deductible from taxable income as per these excerpts from a letter dated March 9, 1940, (and reaffirmed in a letter dated June 10, 1954) from the Office of Commissioner of Internal Revenue, Treasury Department, Washington, D.C.:

> "Contributions to your organization by individual donors are deductible by such individuals in arriving at their taxable net income in the manner and to the extent provided by section 23(o) of the Internal Revenue Code, and section 23(o) of the Internal Revenue Code as amended by section 224 of the Revenue Act of 1939. The deductibility of contributions by corporations is governed by section 23(q) of the Internal Revenue Code and section 23(q) of the Internal Revenue Code as amended by section 224 of the Revenue Act of 1939."

FOUNDATION STAFF

Fred G. Clark, *General Chairman**

Richard S. Rimanoczy, *Editorial & Research Director**
Morgan S. A. Reichner, *Executive Director**
Louis G. Milione, *Field Director*
D. B. Clark, *Secretary*
William C. Armstrong, *Treasurer*
George F. Putnam, *Assistant Treasurer*
A. O. Payne, *Services Director*
William R. Reid, *Asst. to the Chairman*

** Biographical data in "Who's Who in America"*