of "charity," why shouldn't every doctor, lawyer, and other professional in the land who can afford the rather stiff tuition (at least $10,500) for the tax-ducking school? It is a harsh but logical question.

Robert D. Hayes, of Barrington, Ill., one of ABC's trustees, has explained that the purpose of the venture is to "awaken the average creative person" to the benefits of "restructuring" his business and his estate on a nonprofit basis. In other words, his business and other affairs will be operated in the name of a tax-exempt foundation but he will continue to reap the benefits, all in the name of "charity."

If ABC does indeed have 800 members, then it may have produced for its promoters somewhere between $3 million to $8 million since July 1966. It is alleged that (1) some of the members are operating as tax-exempt foundations even though they have never filed an application for Federal tax exemption or received exemption, and (2) they have never filed a tax return form 990–A. According to the Wall Street Journal of August 28, 1967, James R. Walsh, Jr., a member of ABC, boasts that he has not paid any Federal income taxes since 1947.

No doubt about it, this tax-dodging scheme will snowball among professional and upper middle income groups, unless meaningful reforms are instituted in the foundation field very soon. If reforms are ignored, the Nation may be faced with a "revolt" among those taxpayers who are unable to take advantage of such contrivances.

For years, the Treasury has given this problem the opportunity to develop and harden by pretending that it could not happen. A typical expression of the Treasury's head-in-the-clouds attitude appears in our 1964 hearings, when I asked Bertrand M. Harding, then Acting Commissioner of the Internal Revenue Service, the following question:

> If every American had a tax-exempt foundation, where would the Federal, State and local governments obtain funds for their operations?

Mr. Harding replied:

> That is a rather speculative question, Mr. Chairman. I am probably not competent to answer it, but I would assume if every American taxpayer was an exempt organization, there would be no funds available at any of the levels for those operations.

He appeared to scoff at the notion of widespread grassroots foundations.

As I was well aware at the time, the "speculative" quality of the question—a description by which Mr. Harding hoped to dismiss it—did not make it any less real. The justification for my question is now plainly evident with the discovery of the nationwide attempt to "mass produce" foundations as a tax-avoidance device. If this succeeds, the result, of course, will be the very thing that I have tried to drive home to the Treasury for 5 years, without the slightest realistic, corrective response from that agency; the result will be a disastrous erosion of our tax base and a crushing burden of extra taxes on those people, including millions of small businessmen, who, believing that good citizenship includes the payment of taxes, do not dodge their responsibilities. Putting the prospective danger more simply, it will mean that those best able to bear the burden of governmental costs will pay less, or will pay nothing, while those least able to shoulder the burden will in fact shoulder all of it.